



Daily Report

China

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22 July 1994

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General

UN Envoy States Position on Sanctions Against Iraq

OW2207034994 Beijing XINHUA Domestic Service in Chinese 0841 GMT 19 Jul 94

[By reporter Gao Jian (7559 1017)]

[Text] United Nations, 18 Jul (XINHUA)— Following an 18 July closed session, the United Nations Security Council [UNSC] decided to maintain economic sanctions against Iraq.

The closed session marked the UNSC's 20th review of Iraq's implementation of relevant resolutions adopted by the United Nations.

Earlier this month, Eckwuchs [name as transliterated], chairman of a United Nations special committee in charge of destroying weapons of mass destruction in Iraq, noted in a report to the UNSC that due to Iraq's more cooperative attitude, the committee had completed checking and verifying Iraq's chemical weapons and ballistic missiles. He added that the committee planned to sign a long-term agreement with Iraq for the supervision and monitoring of dangerous weapons.

At today's UNSC closed session, the United States said Iraq is far from meeting the UNSC's relevant resolutions' demands and Iraq is temporarily adopting a cooperative attitude to seek the lifting of an oil embargo imposed against it. The United States also pointed out that an absolute majority of UN members are dissatisfied with the fact that Iraq has so far refused to recognize the Iraq-Kuwait border as set by the United Nations.

Li Zhaoxing, China's permanent representative to the United Nations, met with reporters following the session and expounded China's principle and position on this issue.

Li Zhaoxing said Iraq must first abide by and implement the UNSC's relevant resolutions and that Kuwait's territorial integrity and sovereignty must be respected; second, Iraq's cooperation in destroying weapons of mass destruction should be recognized; third, when reviewing Iraq's implementation of the relevant resolutions, the UNSC should adopt a seek-truth-from-facts attitude and should respect the facts.

Jiang Zemin Meets FAO Director General

OW2107133094 Beijing XINHUA in English 1251 GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—Chinese President Jiang Zemin said here today that China has always given priority to the development of agriculture and all-round prosperity of rural economy.

Jiang made the remark today during a meeting with Jacques Diouf, director general of the Food and Agriculture Organization (FAO) of the United Nations.

Jiang said that there is a broad basis for cooperation between China, one of the largest agricultural nations in the world, and the FAO, a large special institution in the United Nations.

Expressing his satisfaction with the cooperation between China and FAO since 1973 when China resumed its legitimate status in the FAO, Jiang said he hoped the FAO would show more solicitude for China's agriculture and offer more technical aid and advice for policy-making.

China's economic reform was initiated from agriculture and with more than a decade of efforts, China has made remarkable achievements in agriculture and considerable progress in rural economy, Jiang said, and China is willing to share experience in agricultural development with other developing countries.

Diouf expressed appreciation of Jiang's idea and said that there is much in China's experience in developing agriculture that other countries can draw on.

The director general arrived in Beijing Wednesday on his first visit to China since he took up the post in January this year.

UN To Fund Three Special Agricultural Projects

HK2107061894 Beijing CHINA DAILY in English 21 Jul 94 p 1

[By Wu Yunhe: "FAO Agrees To Finance 3 Technical Projects"]

[Text] The United Nations' Food and Agricultural Organization (FAO) yesterday agreed to provide \$684,000 to help China set up three technical projects.

Agreements on the three projects were signed between Liu Jiang, Minister of Agriculture and FAO's Director-General Jacques Diouf, who arrived in Beijing yesterday to start a four-day official visit to the capital.

The projects are the Training for Improved Natural Resource Management and Farming Systems Development, Development of Feed Resources for the Tropical and Subtropical Parts of China and the Training in Recognition and Management of Potential Pests in Imported Logs.

In a meeting between the two sides, Diouf also expressed his concern for the devastating flood disaster in China's southern provinces and told Liu that FAO would provide emergency assistance for these flood stricken areas to help restore agricultural production.

FAO's assistance will comprise mostly crop seeds and chemical fertilizers. Hunan and Jiangxi provinces will be the likely beneficiaries.

But the FAO's top official did not specify the timing or the amount of FAO's emergency assistance.

In another development, Diouf signed a governmental agreement yesterday with Liu on development of agricultural technology through the mutual co-operation among developing countries.

As one of the United Nations' major aid organizations for developing countries, FAO has signed or intends to sign such agreements with all of its member countries. It aims to draw on worldwide efforts to help those who still suffer from hunger and poverty.

Diouf, who headed a four-member FAO delegation, has discussed the strengthening of China's role in the technical co-operation of the world's developing countries and the possibilities of FAO's future co-operation with China.

China first began receiving FAO aid in 1978. So far, FAO has provided more than \$29 million to help set up 90 agricultural projects across the country.

During a scheduled four-day visit to Beijing, Diouf is also expected to meet officials of the Chinese Academy of Agricultural Sciences and the ministries of Internal Trade and Forestry.

'Official Sources' Say India To Buy Russian Su-30 Fighters

*OW2207091294 Beijing XINHUA in English 0844
GMT 22 Jul 94*

[Text] New Delhi, July 22 (XINHUA)—India is planning to buy Su-30 front-line multi-role combat aircraft from Russia, according to official sources here today.

India's Chief of Air Staff Marshal S.K. Kaul will leave for Russia on Sunday to make arrangements on the dealings of the craft which is allegedly to match in performance with the American F-18 "Hornet" and European jet fighter "Tornado."

This state-of-the-art technology fighter was made by the Irkutsk Aircraft Production Association. The most important feature of the fighter plane is the capability of air-to-air refueling which gives it tremendously extended range.

An Indian high level team had visited Moscow last month for "technical evaluation" of the Su-30. Russia has not offered the Su-30 to any other foreign countries so far.

Observers here noted that the proposed deal followed the U.S. provision of F-16 fighters to Pakistan, India's long-time rival.

Last month, Indian Prime Minister Narasimha Rao signed an agreement worth 8.3 million U.S. dollars credit to India for purchase of defense items and spares during his Russia visit.

The bilateral talks had also covered joint ventures for servicing maintenance and availability of spares for all the defense equipment imported from Russia.

Marshal Kaul is also expected to work out the mechanism for the purchase of additional MiG-29 fighters for the Indian Air Force during his scheduled visit to Russia next week.

Pacific Rim Economic Forum To Be Held in Beijing 25-28 Oct

*OW2207095994 Beijing XINHUA in English 0939
GMT 22 Jul 94*

[Text] Hong Kong, July 22 (XINHUA)—More than 750 commercial and political leaders in the Pacific region will attend the Pacific Rim Forum 1994, which is scheduled to be held in Beijing from October 25 to 28.

The four-day event will be opened by a senior Chinese leader and speakers will include Suphachai Panitchaphak, deputy prime minister of Thailand, Gareth Evans, Australian foreign minister, Anwar bin Ibrahim, deputy prime minister of Malaysia, according to Alan Carroll, chairman of the forum.

In an exclusive interview with XINHUA here Thursday, Carroll, who was here for one day to prepare for the event, said "The choice of Beijing as the location for this year's forum reflects China's growth in the global business arena.

"With 83,265 foreign investment projects approved and a 13.4 percent economic growth in 1993, China has become a rising economic star. China, along with other key economies of the Asia-Pacific region, will be among the main topics of discussion," Carroll said.

He said that "the forum's prime objectives will be to focus on important changes and trends in the region in order to assist business policy makers better understand their strategic implications."

"We hope to provide our participants with the shared and unique opportunity to experience at first hand Asia's most important emerging market and to create other important corporate networking opportunities. The desired result is to further encourage greater corporate cooperation and trade," he said.

The Asia Pacific leaders and delegates will tackle issues such as the post GATT/NAFTA/APEC trading world, and Europe and North America's dual track trade strategies, he said.

Other themes will include APEC's sustainability, Indonesia's economic future, emerging corporate issues, Pacific Russia, regional information technologies, and Korea and Japan 2000, he said.

The Pacific Rim Forum is held every 13 to 15 months. It took place in San Diego in May, 1992, and drew more than 600 delegates to Bali in September 1993.

This year's forum, the third of its kind, is jointly organized by the China Council of the Promotion of International Trade (CCPIT) and Carroll Partners International (CPI).

CCPIT is a national, non-governmental economic and trade organization composed of professionals from China's economic, trade, industrial, commercial and financial fields.

CPI is a regional strategic management consultancy with offices in Melbourne, Sydney, Kuala Lumpur and Hong Kong.

Delegate Discusses Women's Status at UN Meeting

OW2207013094 Beijing XINHUA in English 2357
GMT 21 Jul 94

[Text] United Nations, July 21 (XINHUA)—The international community has enhanced awareness of the status of women and more efforts are needed to enable women to participate in development, a Chinese representative told the Economic and Social Council (Ecosoc) today.

Commenting on a report of the 38th Session of the Commission on the Status of Women, Feng Cui, alternate representative of the Chinese delegation, said the resolutions of the commission show great concerns for women in developing countries, rural women as well as women in extreme poverty.

The resolutions "give expression to the enhanced awareness of the status of women on the part of the international community," she said.

With respect to the implementation of the strategies adopted in Nairobi in 1985 in terms of development for women, she noted, the resolutions point out that progress has been slow and therefore call for emergency actions and specific measures aimed at reducing the adverse effects of foreign debt and unfavorable trade terms, so as to enable women to participate in development and become both its facilitator and beneficiary.

Feng also briefed the Ecosoc on the preparatory work for the fourth world conference on women—to be held in 1995 in Beijing—undertaken by the Chinese Government.

"Intensive and systematic preparations are going on as scheduled," she said. "The Chinese Government attaches great importance to the preparatory activities and is carrying out a campaign to extensively project the purposes and significance of the fourth world conference on women."

Nicaragua Opposes Military Intervention in Haiti

OW2207050794 Beijing XINHUA in English 0142
GMT 22 Jul 94

[Text] Managua, July 21 (XINHUA)—The Nicaraguan Government is against any possible U.S. Military intervention in Haiti, Nicaraguan Foreign Minister Ernesto Leal said today.

The daily "LA TRIBUNA" quoted the minister as saying that Nicaragua is opposed to the attempts to solve the internal conflict by means of military invasions.

"We believe that conflicts must be solved by peaceful means and that this is still possible for Haiti," Leal added.

About his recent visit to Japan, the minister said one of the achievements is the signing of an agreement on economic cooperation.

He said the Japanese Government expressed its "willingness to help promote Nicaragua's political and economic stability.

Nicaragua, in turn, offered to support Japan in its efforts to become a permanent member of the U.N. Security Council.

United States & Canada

MOFTEC Spokesman Views U.S. Reduction in Textile Quotas

OW2107134494 Beijing XINHUA Domestic Service in Chinese 1025 GMT 21 Jul 94

[Text] Beijing, 21 Jul (XINHUA)—Citing illegal textile transshipment to the United States by Chinese enterprises through third countries, the U.S. Government recently decided to unilaterally deduct 1,343,603 dozen pieces of the 352d category and 59,165 dozen pieces of the 339th category from China's 1994 textile quotas.

A spokesman for the Ministry of Foreign Trade and Economic Cooperation [MOFTEC] pointed out: The U.S. Government's unilateral deduction of China's textile quotas without ample evidence is a serious violation [yan zhong wei fan 0917 6850 6672 0646] of the Sino-U.S. textile agreement.

On 14 April the United States accused Chinese enterprises of transshipping 1,458,451 dozen pieces of the 352d category through the Dominican Republic and 59,178 dozen pieces of the 339th category through Australia and Maldives to the United States, and provided evidence on some of the cases. Investigations by China showed that the quantities of illegal transshipments by Chinese enterprises stated in the U.S. accusations far exceeded the quantities of China's actual exports. According to customs statistics, China only exported a total of 729,321 dozen pieces of semi-finished and finished knitwear to the Dominican Republic in

1992 and 1993. The evidence shows that the majority of goods did not enter the United States. Chinese enterprises listed by the U.S. side as involved in the case exported only 6,804 dozen pieces of the 339th category to Australia. The evidence shows that this batch of goods also did not enter the United States. There is also no ample evidence in the case of Maldives to prove that Chinese enterprises were involved in illegal transshipment. In addition, certificates stating China as the country of origin or "Made in China" symbols were included in a large portion of the abovementioned goods exported by Chinese enterprises. This shows that Chinese enterprises exported these goods to third countries under regular conditions without the motive [dong ji 0520 2623] of illegal transshipment. When China and the United States held consultations in San Francisco from 9 to 10 June, the Chinese side asked the United States to provide all evidence in accordance with stipulations of the agreement. However, U.S. negotiators ignored the agreement's stipulations, said that it was not necessary to provide all evidence, and insisted on unilaterally deducting textile quotas according to the quantities in U.S. accusations.

The spokesman pointed out: The Sino-U.S. Memorandum of Understanding on Textiles stipulates that when dealing with cases of illegal transshipment, China and the United States should give thorough consideration to whether the country of origin has adopted corresponding measures to crack down on illegal transshipment. In the past two years, the Chinese Government has taken strict measures and formulated stringent rules of punishment to crack down on and stop illegal transshipment, and achieved notable results in this task. The U.S. Government is very clear about this. Under this situation, it is completely unreasonable [wan quan mei you dao li de 1346 0356 3093 2589 6670 3810 4104] for the U.S. Government to deduct China's quotas.

The spokesman said: "We hope the U.S. Government will reconsider its decision on the stand that this is conducive to developing Sino-U.S. trade. If the United States is truly sincere in solving the illegal transshipment issue, we are willing to hold consultations again with the U.S. side based on this case to reach an outcome satisfactory to the two sides. Otherwise, China reserves the right to further reaction, and the United States should be [li ying 3810 2019] held responsible for the resulting effects [ying xiang 1758 0742] on Sino-U.S. bilateral trade."

Further on Textile Quotas

OW2107135594 Beijing XINHUA in English 1335
GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—The U.S. Government has violated the Sino-U.S. textiles agreement by unilaterally announcing a cut of Chinese textiles quotas, said a spokesman for China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC) here today.

The spokesman said that the U.S. Government has not produced enough evidence to show China's illegal transshipment through a third country and it is unjustifiable for the U.S. Government to cut the textiles quotas.

The spokesman said that China has over the past two years adopted stringent measures to crack down on illegal transit trade and achieved marked results.

The spokesman hoped that the U.S. Government will review its decision from a position conducive to the development of Sino-U.S. trade. "If the U.S. side has the sincerity to solve the illegal transshipment problem," he said, "China is willing to hold consultations again and reach satisfactory solutions. Otherwise, the Chinese side will reserve the right to make further response and the U.S. side will be held responsible all the consequences arising therefrom on the bilateral trade."

The U.S. Government made the decision on July 1 on cutting China's quotas for category 352 textiles by 1,343,603 dozen and for category 339 textiles by 59,165 dozen on the pretext that Chinese enterprises had illegally exported textiles to the U.S. through a third country.

The spokesman said that, according to China's customs figures, China exported to the Dominican Republic 729,321 dozen semi-finished and finished textile products in 1992 and 1993 and most of them never entered the U.S. market, just contrary to the U.S. claim that Chinese enterprises transshipped 1,458,451 dozen category 352 textiles to the U.S. through Dominica.

He said that the 6,804 dozen of category 339 textiles exported to Australia by Chinese enterprises, which the U.S. side claimed to have been transshipped to the U.S., did not enter the U.S. either.

As to the Maldives case presented by the U.S. side, the spokesman said, there is no full evidence to show that Chinese enterprises had involved in the illegal transshipment, as a considerable part of the Chinese exports had been attached with the certificate for the place of origin or marked with "made in China" as the normal export requires.

The spokesman said that China and the U.S. conducted consultations in San Francisco on June 9-10 and the Chinese side demanded the U.S. side produce all and full evidence in accordance with the Sino-U.S. agreement, but the U.S. side refused.

He said that it should be pointed out that the Memorandum of Understanding on Textiles between China and the U.S. provides that while dealing with illegal textiles transshipment, both sides should consider whether the original exporting country has taken measures to crack down on illegal activity.

More on Reduction

HK2107154294 Beijing ZHONGGUO XINWEN SHE
in English 1511 GMT 21 Jul 94

[Text] Beijing, 21 Jul (ZHONGGUO XINWEN SHE)—Spokesman of the Ministry of Foreign Trade and Economic Cooperation of China said today that the American government seriously violated the Sino-American textiles agreement by imposing unilateral quotas of textiles transported by China to America at reduced level without any sound reason.

The American government accused Chinese enterprises of illegally transshipping textiles to America via third countries or regions, deciding to unilaterally reduce this year's 352 categories of textiles quotas of China by over 1.343 million dozens and another 339 categories of textiles quotas by over 59,100 dozens.

On April 14 of this year, the American side accused Chinese enterprises of transshipping 352 categories totaling 1.458 million dozens of textiles to America via Dominican Republic and transshipping 339 categories totaling 59,000 dozens of textiles via Australia and Maldives. The American side provided part of cases as evidence.

Spokesman of Chinese Ministry said through investigation the Chinese side found the illegally transshipped textiles volume charged by the American side greatly surpassed the actual export volume made by China. According to statistics registered by the General Administration of Customs of China, in 1992 and 1993 China had only exported 729,000 dozens of knitting garment to Dominican Republic and most of these exports had been found not to be shipped to America. In addition, China had only exported 6,804 dozens of textiles to Australia and none had been found to be transported to America. Chinese enterprises had attached to those goods with certificates of products origin and the articles had been labeled with "Made in China" for export, indicating they had no intention of illegal transshipment.

The Chinese side and the American side had a negotiation in San Francisco from June 6 to 10. The Chinese side demanded the American side should provide full evidence to prove that the practice of Chinese enterprises ran counter to the provisions of the agreement. But the American representative stated it was not necessary to provide all of evidence and insisted on reduction of quotas.

The spokesman said the Sino-American Memorandum of Understanding on Textiles stipulated that in handling cases of illegal transshipment, both sides should see whether the other side has taken corresponding measures to crack down such illegal activities. In the recent two years, the Chinese government had taken serious measures to punish and crack down illegal transshipment and had achieved remarkable results, which the American government clearly knew. Under such situation, it

was completely irrational for American government to reduce China's textiles quotas.

The spokesman hoped the American side would reconsider its decision based on developing trade between China and America. China wished to have another round of negotiation with America in order to achieve satisfactory results. Otherwise, the Chinese side kept right to take further action and the American side should bear all consequences.

Power Company To Be Listed in New York in Sep

OW2107142494 Beijing XINHUA in English 1346
GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—The Huaneng Power International Inc. (HPI), one of China's five companies seeking foreign exposure this year, is scheduled to be listed on the New York Stock Exchange in September.

According to HPI spokesman Yu Mingji today, this timing has been approved by the China Securities Regulatory Committee (CSRC), which supervises China's fledgling stock industry.

Yu said that all preparatory work was set for HPI's New York listing but the company decided to put it off until September, considering the overall trend of global stock markets.

HPI had been expected to go to New York this month and hoped to lead China's company listings there.

Five companies were selected and approved late last year by China's State Council Securities Commission to be listed in New York this year. They are China Eastern Airlines, China Southern Airlines, Huaneng Power International Inc., Shandong Huaneng Power Generation Inc. and Tianjin Steel Tube.

HPI spokesman said the CSRC wished the New York listing and global offering of HPI, as a representative of China's enterprises, would be a complete success.

He said his company is observing the "silence" pending listing requested by the U.S. securities authorities, refusing to reveal anything such as the company's stock capital and its offers.

HPI has chosen Lehman Brothers as its lead manager and global coordinator, Skadden and Arps to handle legal affairs and Arthur Anderson for financial auditing and Zhonghua Certified Public Accounting firm for asset evaluation and performance review.

The company is China's first specializing in raising foreign funds for power construction. It now has five power plants with a generating capacity totaling 2.9 million kw.

By the end of this century, however, its new and expansion projects are expected to bring the total generating capacity to 10 million kw.

Yu said that the money raised through the listing would be pumped into the second phase projects of the existing power plants and the construction of new plants in Dandong and Shantou.

'Forum' Views U.S. Policy Toward Europe

*HK2107125794 Beijing RENMIN RIBAO in Chinese
18 Jul 94 p 6*

[*"International Forum"* by Zhang Dezhen (1728 1795 4176): *"U.S. Policy Toward Europe Becomes Clearer"*]

[Text] U.S. President Clinton has finished his third trip to Europe this year. During the trip, apart from attending the G-7 summit in Italy, he also visited Latvia, Poland, and Germany and met with the leaders of the three Baltic states. It is easy for people to get the following impression from these diplomatic moves: The U.S. Government's European policy has become clear, and it will have a significant impact on the future situation in Europe and on the development of U.S.-European relations.

As demonstrated by Clinton's trip, Europe is still the United States' strategic focus. For a long time, the United States has been treated Europe as the focus of its global strategy. As the Cold War is over and the serious bipolar confrontation in Europe no longer exists, the U.S.-European alliance has been weakened, whereas Asia, whose economies are booming, is drawing greater and greater attention from the United States. Hence, various formulations about the "eastward shift" of the U.S. strategic focus have emerged in the international community. During his trip to Europe, Clinton made an unequivocal reply in this respect. He stressed: "Europe is still the center of where U.S. interests lie," and the "core of U.S. security interests is still in Europe." How can this be so? From an economic point of view, Europe is the United States' traditional economic partner and the United States has huge economic interests in Europe. Statistics suggest that direct U.S. investment in Europe surpasses that in Asia by over 200 percent, while European investment in the United States is also more than double that in Asia. The total trade volume between the United States and Asia is greater than between the United States and Europe, but the United States incurs a large trade deficit with Asia, while its trade with Europe is basically balanced. It is thus clear that U.S.-European economic relations are still the most important to the United States. From a political and security point of view, the United States has treated Europe as a base and essential backing for protecting its "leading position" in the world. Strategically speaking, Europe is most important to the United States. The disintegration of the Warsaw Pact relieved the United States of its greatest threat in Europe, but Europe is very unstable and all kinds of conflicts are frequently breaking out. In particular, the influence of Russian nationalism is on the rise, Russia has adopted a tougher policy toward the West, and there is a danger of the proliferation of weapons of mass destruction. Therefore, the United States cannot

but show greater concern over the situation in Europe, thus forging greater common interests with Europe. Consequently, the previously cold and tense U.S.-European relations have eased. Clinton's three trips to Europe can be seen as attempts to restore and strengthen U.S.-European relations.

Clinton's trip to Europe also demonstrates that the United States is remaking its policy toward Europe. During the early post-Cold War period, former U.S. President Bush advanced the idea of "new Atlanticism," saying that it was necessary to establish a new U.S.-led security system which included Eastern and Western Europe. This idea was aborted because very few people supported it. After assuming power, Clinton renounced some of his predecessor's practices. During his trip to Europe, he unequivocally stated that the United States supported "a strong Europe," which was really tantamount to asking Europe to undertake more responsibilities for dealing with various post-Cold War challenges. Why did the United States shift from its stand of advocating a "new Atlanticism" to not objecting to a policy of Europe's making joint efforts to strengthen its own defenses? This shows that as its strength declines, the United States can no longer act as the "world's policeman." Meanwhile, the United States also intends to push Europe to the forefront to extricate itself from any involvement in local conflicts in Europe. U.S. indifference towards the Bosnia-Herzegovina issue and its insistence on not dispatching ground forces there is clear proof of this.

Clinton's trip to Europe also demonstrates that the United States now attaches extremely great importance to Eastern Europe. In order to consolidate the "Cold War achievements" and forestall Russian restoration, the United States advocated the eastward expansion of NATO, which instantly met with strong objections from Russia. This wrangle finally ended with the adoption of the "Partnership for Peace" document. However, the United States did not stop at that point. On some occasions during his trip, Clinton exerted pressure on Russia and urged it to withdraw its troops from the Baltic States, but on other occasions, he claimed that Eastern Europe should not become the "gray area" of a "safety vacuum" and that NATO would expand and accept East European members next year. Clinton also promised to provide Poland and Latvia with massive economic aid and help them move toward a "market economy" and "democratic politics." Clinton stated while visiting Germany: The "central question" at present is how to merge the "other half" of Europe into the economic and military systems of the West. All of this indicates that holding Russia in check, consolidating the West's foothold in Eastern Europe, and preventing Eastern Europe from regressing have become the most important U.S. task in Europe at present. It implies that Eastern Europe will become a focus as the great nations scramble for spheres of influence. Consequently, Europe will continue to be in a state of unrest.

Central Eurasia

Border Talks With CIS States End

OW2207031994 Beijing XINHUA in English 0247
GMT 22 Jul 94

[Text] Bishkek, July 21 (XINHUA)—The 13th meeting of working groups on border talks between China and Kyrgyzstan, Kazakhstan, Russia, and Tajikistan ended here today.

During the 11-day session, the working group of the Chinese delegation and the working group of the combined delegation of the four other nations discussed the border demarcation between China and the four countries "in a serious, pragmatic and friendly atmosphere".

During the talks Kyrgyz Foreign Minister Roza Otunbayeva met with the Chinese team headed by Yao Peisheng.

The next meeting of the working groups will be held in Beijing.

Northeast Asia

Column Reveals DPRK Visit by Leading Officials

HK2207105294 Hong Kong HSIN PAO in Chinese 22
Jul 94 p 22

["Beijing political situation" column article by Jen Huiwen (0117 1979 2429) on 20 July 1994 in Beijing: "China Again Urges DPRK to Save Itself by Carrying out Reform"]

[Text] The tense situation on the Korean peninsula caused by the nuclear issue in the DPRK, has aroused the concern of the people of the world. The United States hopes that China, which has close ties with the DPRK, can influence the DPRK. Although China has openly admitted that it has "a limited role to play," it has never abandoned its discreet persuasion of the DPRK after persuading the United States and the ROK to talk to the DPRK. Unexpectedly, after DPRK President Kim Il-song decided in mid-June to freeze the nuclear development program in exchange for dialogue with the United States and the ROK, he suddenly died of a heart attack on 8 July. How will the DPRK's political situation change after the passing of Kim Il-song?

Can China continue to maintain its influence on the DPRK? This has become a popular topic in the international community.

China's Six-Point Policy Toward DPRK

Informed sources in Beijing disclosed that because the DPRK has relied on economic aid from China for a long time, after Kim Il-song's death, his successor, Kim Chong-il, who once accused Deng Xiaoping of abandoning the international communist movement, worried

about nothing else except whether the DPRK will continue to receive aid and assistance from China. Out of the strategic consideration to stabilize the DPRK, China ignored the past unhappiness, and, on the day after Kim Il-song died, the three most senior Chinese leaders, Jiang Zemin, Li Peng, and Qiao Shi sent messages of condolence to the DPRK, saying that they firmly believed that "the people of the DPRK will carry out the will of Comrade Kim Il-song and closely unite with the Central Committee of the WPK, led by Comrade Kim Chong-il, and continue to forge ahead in order to build their country and fight for lasting peace on the Korean peninsula." This was intended to reassure Kim Chong-il.

On the other hand, at the urgent invitation of the WPK, which acted according to Kim Il-song's advice that "under the current international situation if I die and there are big issues, discuss them with the CPC and ask for assistance," the CPC sent a delegation led by Ding Guangen, member of the Political Bureau; Wen Jiabao, alternate member of the Political Bureau; and Wang Ruilin, director of Deng Xiaoping's Office, to Pyongyang from 9 to 11 July. During this visit, the delegation attended a meeting of the Political Bureau of the Central Committee of the WPK, and Ding Guangen, on behalf of the CPC Central Committee and the Chinese Government, conveyed to the WPK and the DPRK Government a six-point principle concerning the passing of Kim Il-song and Sino-DPRK relations: 1) China resolutely supports the people of the DPRK in carrying out the will of Kim Il-song, developing the economy, and building the country; 2) China wants to see a nuclear-free Korean peninsula, as well as long-term peace and stability there; 3) China is opposed to any country or party using various pretexts to stir up military confrontation and destroy regional peace; 4) China will do what it can to support economic reform in the DPRK, and, regarding recent requests by the DPRK for increased aid, will adopt practical measures; 5) the CPC and the Chinese Government reiterate that so long as the DPRK carries out the will of Kim Il-song, the friendship between the two parties, the two governments, and the two peoples of China and the DPRK will be continuously consolidated and developed; 6) proceeding from the traditional friendship between the two countries and from regional peace and stability, China will propose an amendment to the Sino-DPRK Treaty on Friendship and Cooperation on the eve of its expiration.

Deng Xiaoping Again Persuades DPRK To Grasp the Economy

According to persons in political circles in Beijing, China's policy toward DPRK will not change because of Kim Il-song's death. China wants the DPRK to solve the nuclear dispute through dialogue and to devote itself to reform and economic development in order to free itself from the current difficult situation at home and abroad.

According to informed sources, a person working for an international relations research organization in China has disclosed that China, cherishing its flesh-and-blood

friendship with the DPRK, had always wanted to help Kim Il-song to carry out economic reform, develop the economy, and build a rich country, but Kim Il-song, who "does not change his mind," had always disagreed with China's reform and open-door policy and had rebuffed China's help.

In the early 1980's, CPC leader Hu Yaobang visited the DPRK and suggested that the DPRK should carry out economic reform, but Kim Il-song refused, saying that "the country's conditions are different, because it faces two enemies (the United States and the ROK) and there was no way to do it."

At the end of May 1992, Kim Il-song's representative, Premier Kang Song-san, paid a secret visit to China, and Deng Xiaoping met him personally in Qingdao and said: "The DPRK should concentrate its strength on developing the economy, then it can stand firm. If the DPRK has difficulty in this regard, China will continue to provide help." Deng also pointed out that "if after 20 to 30 years of struggle we are still backward and stagnant, then it means our party is not qualified to continue its rule." Unexpectedly, Kang Song-san used this chance to ask China to cancel debts owed to it by the DPRK and to supply more economic aid.

Kang Song-san returned to the DPRK, and, unexpectedly, Kim Il-song sent a message to Deng Xiaoping and CPC General Secretary Jiang Zemin expressing thanks to Deng Xiaoping for his advice and saying that the WPK would seriously consider the CPC's ideas. However, in June of the same year, Yang Shangkun, then president of China, visited Pyongyang and notified Kim Il-song that China would establish diplomatic relations with the ROK in August; after hearing this, Kim Il-song's expression immediately changed. When Yang Shangkun said that after establishing diplomatic relations with the ROK, China would continue to help the DPRK to develop its economy, Kim Il-song replied: "The economy, the economy, Chinese communism will die on top of two words 'the economy'."

Despite this, China has not given up its efforts to persuade the DPRK to develop the economy. On the eve of Ding Guangen's visit to the DPRK, the senior level of the CPC solicited instruction from Deng Xiaoping, and Deng said: "When a friend is in trouble and comes to us, we must go. When we go there we must reiterate our constant position and expectation, and we must also make it clear that we will not interfere in the internal affairs of the DPRK, we want unity in the DPRK, and in particular we want it to put economic development in the primary position. When it has difficulties, we will give support according to our strength, but it should mainly rely on its own policies." Within the six-point principle relayed by Ding Guangen to the DPRK, two points express the hope that the DPRK will carry out economic reform and develop its economy, and this is Deng's idea.

However, persons in political circles in Beijing think that although China has urged the DPRK with good intentions time and again to save itself by grasping the economy, when the DPRK will wake up remains to be seen.

Foundation of Rule Becomes More Unstable Without Reform

Informed sources also said that an international relations research organization in China had analyzed the possibility of political disturbances in the DPRK after Kim Il-song death, and concluded that such a possibility was not great. The reasons are:

First, the fanatical admiration for Kim Il-song and Kim Chong-il among the people of the DPRK is even greater than that for Mao Zedong among the Chinese people. The DPRK has 22 million people, and over 10 million of them have come to Pyongyang to mourn Kim Il-song, and everyone of those was extremely sorrowful. Those in power will use this kind of innocent loyalty to command the people and strengthen unity.

Second, although the DPRK is poor, Kim Il-song has not imitated Mao Zedong in launching political movements to purge people, therefore, opposition between the rulers and the people is not prominent.

Third, Kim Il-song persistently ruled the country through his family, and his family members hold power in the party, the government, and the military; without a strong and effective organization, a coup is unlikely to succeed in the DPRK.

However, the organization also pointed out that everything is relative, and if the DPRK does not make efforts to carry out reform and an open-door policy and develop the economy, it will lag increasingly far behind the ROK. The foundation of its rule will then become increasingly unstable, and this is predictable.

DPRK Foreign Ministry Group Visits Liaoning

SK2207052094 Shenyang LIAONING RIBAO in Chinese 7 Jul 94 p 1

[Text] At the invitation of the Ministry of Foreign Affairs, the five-member group headed by Chu Chin-ku, director of Chinese affairs bureau under the DPRK Ministry of Foreign Affairs, came to China to pay a visit to the provinces of Jilin and Heilongjiang. The DPRK group arrived in Liaoning on 2 July to continue their visit in China.

Vice Governor Xiao Zuofu received the DPRK group in the Youyi Guest House on the evening of 4 July. During the reception, Xiao Zuofu said: Over the years, Korean comrades have made precious efforts to consolidate and develop the Sino-Korea friendly relationship and to enhance the traditional friendship between the peoples of the two countries. It is hoped that henceforth, both sides will further strengthen ties, assist each other, learn from others' strong points to offset their weaknesses, and

carry forward the Sino-Korea friendly relationship created by the elderly proletarian revolutionaries, from generation to generation.

During the reception, Chu Chin-ku said: Through the visits paid to the three provinces of northeast China, we have personally witnessed the tremendous achievements scored under the CPC's leadership by the Chinese people in building socialism with Chinese characteristics.

After the reception, Xiao Zuofu hosted a banquet in honor of the DPRK group.

Liaoning's Wang Huaiyuan Meets DPRK Delegation From Nampo

SK2207064494 Shenyang LIAONING RIBAO in Chinese 7 Jul 94 p 1

[Text] Wang Huaiyuan, deputy secretary of the provincial party committee, received and feted the party workers' group headed by Kim Sang-nok, secretary of the Workers Party of Korea [WPK] of the Nampo city of DPRK on the evening of 6 July. During the reception, the host and guests held cordial and friendly talks.

During the reception, Wang Huaiyuan said: The visit paid by the WPK workers' group to the province has brought us the profound friendship of the WPK and the Korean people and the good experience gained by the WPK in building socialism. On behalf of the party members and the people throughout the province, I would like to extend warm welcome to the visit paid by the Korean comrades. In line with the consistent guideline of the CPC Central Committee, the people of Liaoning Province as those throughout the country will make all out efforts, as they did before, to safeguard and develop Sino-Korea friendship and to enhance bilateral exchange and cooperation. The party members and people of Liaoning Province heartily rejoice at the tremendous achievements scored by the Korean people in building socialism by displaying the revolutionary spirit of arduous struggle.

During the reception, Wang Huaiyuan also briefed in detail the Korean guests on the province's achievements scored in the programs of reform, opening up, and the "second pioneering work".

Kim Sang-nok, head of the Korean party workers' group, praised the achievements scored by Liaoning Province in building socialism with Chinese characteristics. He said he hoped that the people of Liaoning would score greater achievements under the leadership of the CPC with General Secretary Jiang Zemin as the core.

Xu Wencai, member and secretary general of the provincial party standing committee; Wu Dengyong, deputy secretary general of the provincial party standing committee; Sui Xudong, director of the provincial foreign affairs office; and others attended the reception.

Mongolian Prime Minister on Sino-Mongolian Cooperation

HK2107050394 Beijing XINHUA Domestic Service in Chinese 0230 GMT 16 Jul 94

[Text] Ulaanbaatar, 15 Jul (XINHUA)—According to the newspaper ARDYN ERH [PEOPLE'S RIGHTS] published here, Mongolian Prime Minister Puntsagiyn Jasray said days ago that Chinese Premier Li Peng's formal visit to Mongolia in April this year made a notable contribution to further developing bilateral relations under the new situation.

He made this statement in a televised speech in which he said that Mongolian-Chinese cooperation is being expanded. In the future, the two sides should make efforts to solve urgent problems. They should guarantee the quality of products supplied to each other, improve cross-border railway transportation, and straighten out people-to-people contacts. He called on border stations, customs, and local authorities to take specific measures to improve working conditions at outlets on the Mongolia-China border.

On the fourth of this month, the Great People's Hural formally approved the "Treaty of Friendly Cooperative Relations Between the PRC and the People's Republic of Mongolia," which was signed by Premier Li Peng during his visit to Mongolia.

Southeast Asia & Pacific

Qian Qichen, Thai Foreign Minister Discuss Bilateral Ties

OW2107131594 Beijing XINHUA in English 1152 GMT 21 Jul 94

[Text] Bangkok, July 21 (XINHUA)—Chinese Foreign Minister Qian Qichen said here today China and Thailand could explore the potentials in cooperation in high technology and in the commercialization of scientific research results.

Qian, who is also a vice premier, said this during talks held here this morning with his Thai counterpart Prasong Sunsiri.

Qian is on a visit to Thailand, during which he will attend the ASEAN ministerial meeting on July 22-23 and the ASEAN regional forum on July 25.

The Chinese foreign minister said at the talks today that bilateral relations between China and Thailand have been good and, if there is any problem, it can be raised for consultation.

He said the two countries need now to study how to further consolidate and strengthen cooperation in various fields.

Appreciating Bangkok's encouragement of Thai investment in China, Qian said China also encourages its entrepreneurs to invest in Thailand.

He said the two countries could take the opportunity of the 20th anniversary of the establishment of diplomatic relations next year to expand cooperation and promote friendship.

Agreeing with Qian's assessment of Sino-Thai relations, Prasong said his country would make continued efforts to further develop the relations between the two sides.

Prasong said Thailand is making active preparations for the 20th anniversary. He thanked the Chinese Government in particular for allowing the shipment of a finger relic of the Lord Buddha to Thailand for worshipping.

Prasong also said that his side would give earnest considerations to Qian's proposal on cooperation in commercialization of research results.

Prasong also expressed backing to the restoration of China's founder status in the general agreement on tariffs and trade.

Qian expressed support for the ASEAN regional forum and his confidence that the first ever ASEAN regional forum would be a success.

Wu Xueqian Meets With Australian Liberal Party Delegation

OW2207050394 Beijing XINHUA in English 0344
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), met here today with Andrew Peacock, spokesman for foreign affairs of Australia's Liberal Party.

Peacock and his party arrived here yesterday at the invitation of the Chinese Institute of Foreign Affairs.

Near East & South Asia

Egyptian National Day Marked in Beijing

OW2207083894 Beijing XINHUA in English 0759
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—Egyptian Ambassador to China Samir Burhan gave a reception here at noon today to mark the national day of Egypt which falls on July 23.

Chinese minister of Culture Liu Zhongde and President of the Islamic association of China An Shiwei were among those present at the reception.

Plane To Go to Afghanistan To Receive Hostages

OW2107172794 Beijing XINHUA in English 1708
GMT 21 Jul 94

[Text] Islamabad, July 21 (XINHUA)—The plane sent to Afghanistan to receive two Chinese and eight Pakistani hostages could not take off due to the bad weather, Pakistan Interior Minister Nasirullah Babar announced at the VIP lounge at Islamabad airport today.

The Chinese and Pakistani hostages could not reach Bagram airbase, some 80 kilometers away from Kabul, and they are safe in Kabul, he said.

Everything has been sorted out and they may come back to Pakistan tomorrow, he said.

Saudi Ambassador to Afghanistan 'Id al-'Utaybi went to Afghanistan on board the Saudi plane to take the hostages.

The plane is now at Bagram airbase, the interior minister said.

He told reporters that the younger brother of Mullah Salam Rocketi, the kidnapper, has been released and sent to Kabul because he is not a criminal.

Rocketi had demanded a ransom of 6.7 million Pakistani rupees (about 220,000 U.S. dollars), return of three Stinger missiles allegedly taken by Pakistani troops and release of his younger brother jailed in Pakistan.

Saudi Plane En Route

OW2107170294 Beijing XINHUA in English 1609
GMT 21 Jul 94

[Text] Islamabad, July 21 (XINHUA)—A Saudi plane left for Kabul from here at 4:15 PM today to bring back all the Chinese and Pakistani hostages, said Interior Minister Nasirullah Babar here today.

Saudi Ambassador to Afghanistan 'Id al-'Utaybi was also on board the plane to Kabul to take back the hostages, the interior minister said.

The return of the hostages was delayed because of communication and weather problems, Babar said.

The hostages, including two Chinese engineers and about eight Pakistanis, were kidnapped by Afghan mujahideen commander Mullah Salam Rocketi belonging to the Ettehad-e Eslami of Rasul Sayyaf and were held in Zabol Province of Afghanistan.

The two Chinese, Wang Qingpin and Zheng Hongbao, were kidnapped while working on a project in Pakistan's Baluchistan Province on June 21 last year.

The hostages were released by Rocketi earlier under the pressure of the Pakistani Government and with the efforts of the Saudi Government which is supporting Sayyaf group, and they are now staying in the Afghan capital Kabul.

The interior minister, Pakistani and Chinese Embassy officials are at present waiting at the Islamabad airport for the return of the hostages.

Three members from Chinese Geo-engineering Corp which the two Chinese hostages belong to have also reached the airport from Quetta to greet them with flowers in their hands.

But the interior minister said so far it is not confirmed whether the plane has taken off or not from Kabul because of communication problems.

Representatives of Sayyaf's Ettehad-e Eslami are also at the airport and they are trying to get in touch with their group in Kabul.

Foreign Minister Sardar Asif Ahmad Ali will hold a party in honor of all the hostages tonight at a local hotel.

Hostages Return to Islamabad

OW2207101794 Beijing XINHUA in English 0951
GMT 22 Jul 94

[Text] Islamabad, July 22 (XINHUA)—The two Chinese and eight Pakistani hostages held by Afghan Mujahideen Commander Mullah Salam Rocketi returned today to Islamabad by a special Saudi plane after their release with the intervention of Saudi Government.

Saudi Ambassador to Afghanistan 'Id al-'Utaybi came together with the hostages to Islamabad on board the plane.

Pakistan Interior Minister Nasirullah Babar, Foreign Minister Sardar Aseff Ahmed Aali, and Chinese embassy officials received them at the airport.

Both the ministers expressed their gratitude to the Saudi Government for its help in securing the release of the hostages.

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The kidnapper has demanded a ransom of 6.7 million Pakistani rupees (220,000 U.S. dollars), return of three "stinger" missiles allegedly taken by Pakistani troops and release of his younger brother jailed in Pakistan.

Rocketi released the hostages earlier under the pressure of the Pakistani Government together with the effort of the Saudi Government which is supporting Sayyaf group.

The Pakistan interior minister told reporters on Thursday that the younger brother of Rocketi has been released and sent to Kabul because he is not a criminal.

Sub-Saharan Africa

Tanzania To Recognize Rwandan Transitional Government

OW2207083994 Beijing XINHUA in English 0823
GMT 22 Jul 94

[Text] Dar es Salaam, July 22 (XINHUA)—The Tanzanian Government has decided to recognize the new Rwandese government of transitional President Pasteur Bizimungu who was sworn in last Monday, diplomatic sources said here on Thursday.

The sources said that the government is expected to make the announcement soon and the issue is a top agenda in the highest offices.

They said that the special representative of the United Nations secretary general on Rwanda, Shohryar Khan, was informed of Tanzania's stand on the issue when he held discussions with government officials here on Thursday.

Khan, who is on a one-day visit to Tanzania for talks with Tanzanian Government leaders, appealed to the international community to recognize and accept the Rwandese Government as soon as possible and help it to restore peace.

He said the newly-formed government of the Rwandese Patriotic Front (RPF) has vowed to reclaim the lost peace by reconciling the warring groups in Rwanda.

The new government will soon recall all refugees now in Zaire and Tanzania, he added.

He also praised Tanzania for tolerating the unusual inflow of refugees from Rwanda, forcing it to bear the brunt of the problem.

West Europe

Journalists Interview French Minister on Ties

OW2107062894 Beijing XINHUA in English 0542
GMT 21 Jul 94

[Text] Paris, July 20 (XINHUA)—French Industry, Post and Telecommunications and External Commerce Minister Gerard Longuet said today that the visit paid to China by a large economic delegation he headed turned out to be a "real success."

In an interview with Paris-based Chinese journalists, Longuet said a bright future is in sight for economic and trade cooperation between the two countries as they have achieved mutual understanding politically.

Recalling the visit by French Prime Minister Edouard Balladur to China in April, he said the leaders of the two countries have laid the foundation for the restoration and development of friendship and cooperation.

Under such a situation, French entrepreneurs had been very enthusiastic about developing economic and trade ties with China and had been anxious to be included in his delegation, but "we had to choose 150 from them," he said.

When asked about the results of his visit, Longuet cited the newly signed or renewed investment protocols and a number of accords of intent on cooperation reached by the two sides.

He said that France is to double its investment and loans to China to 1.2 billion francs this year.

He also said his visit helped initiate sincere cooperation between the two countries in the fields of telecommunications, railway, energy and aviation, thus marking the start of restored cooperation in industry and trade on a new basis.

Longuet said members of his delegation were deeply impressed by the economic achievements of China. French business first did not understand China and was hesitant about investing there in the past, but now they are all eager to do so, he added.

"China's economy is developing vigorously and its market has a great potential. It would be too late to put money there in five years," he quoted a French company executive in Shanghai as saying.

"I am optimistic" about the prospects of French-Chinese economic cooperation, since the two countries can supplement each other's needs, he said.

He said the successive visits made to Beijing by Balladur and himself show that France's current policy toward China is "effective."

France is willing to establish normal state relations with China on the basis of mutual respect, equality and mutual benefit, and set up long-term relations of partnership in the economic field with emphasis on technology transfer to China, he added.

On trade between the two countries, he believed that the volume will double in the next five years.

Speaking of the restoration of China's membership in the General Agreement on Tariffs and Trade (GATT), Longuet reaffirmed that France would exert its influence in the European Union to help China return to GATT as soon as possible.

Latin America & Caribbean

'Justice Delegation' Departs for Colombia

OW2207044594 Beijing XINHUA in English 0419
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—A Chinese justice delegation, headed by Gao Changli, vice-president of China's Supreme People's Court, left here today for a visit to Colombia.

The 10-member delegation was invited by Colombian Minister of Justice Andres Gonzalez Diaz.

Article Views U.S. 'Brinkmanship' on Haiti Crisis

HK2207065894 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 21 Jul 94 p 6

["Special article" by Yang Yuanhua (2799 0337 5478):
"The U.S. Policy of Brinkmanship and the Haiti Crisis"]

[Text] U.S. Government officials have said that the United States has worked out a detailed operational plan for dispatching troops to Haiti and revealed, in a seemingly serious manner, some of the contents of the plan, suggesting that war was imminent and the U.S. Army might invade Haiti within the week.

Recently, the United States has vigorously built up a momentum of economic sanctions, military threats, and propaganda in an effort to pressure the Haitian military government to step down and to reinstate Aristide, the popularly-elected president who is living in exile in the United States. People are concerned about whether the current U.S. move is part of a brinkmanship policy or whether it really implies the use of force.

At present, U.S. military and political circles and the Congress are debating the issue of dispatching troops to Haiti, but there are so many contradictory views that no conclusion can be reached.

Some people maintain that it will be difficult to force the Haitian military government to step down through diplomatic pressure and military threats, but taking prompt military action will help rectify the Clinton administration's chaotic diplomatic policy of discussing the issue without making any decisions. In fact, Clinton has not yet made a decision on taking military action against Haiti and needs some time before the military option can be exercised.

The Haitian incident originated from the 1991 militarily engineered coup d'etat which overthrew President Aristide, who was elected according to the constitution in 1990. The United States considered that the Haitian military coup constituted a challenge to its "leading position" in that region, infringed on its "security interests," and disrupted regional stability. What it found particularly annoying is that the tide of Haitian refugees was directly affecting the stability of U.S. society and increasing its financial burden.

Not long ago, the Haitian military government demonstrated its disdain for U.S. pressure and vigorously took countermeasures, even going so far as to expel UN observers from Haiti. Consequently, both parties have their daggers drawn, and the United States has found that it has a tiger by the tail.

First, the U.S. public have divergent views on dispatching troops to Haiti, maintaining that it is not in U.S. interests to risk American lives.

Second, the military and the political circles consider that the objectives, cost, and timing of a Haitian invasion have not been finalized and that it will be a long-term, difficult, and costly operation. Besides, a safe plan for withdrawing the troops after the invasion has not been worked out.

Third, it seems that the United States has no just cause for invading Haiti by itself, and it must do so in the name of international organizations. However, UN General Secretary Butrus Butrus-Ghali decided on 15 July that the United Nations was not able to take the responsibility of organizing and subsidizing a multi-national army.

Fourth, the United States has repeatedly mobilized Latin American countries to lend it a hand, but their response has been far from warm.

People said: If the United States invades Haiti, it is doubtful whether the countries in this region will be willing to take part in the peace-keeping mission.

The U.S. brinkmanship policy, which is merely a means of seeking benefit and peace by exerting pressure on others, will undoubtedly increase its bargaining power. However, the current Haitian issue seems to be an exception, and people are still waiting to see how the situation develops.

Peng Peiyun Ends Visit to Mexico

OW2107090794 Beijing XINHUA Domestic Service in Chinese 0743 GMT 18 Jul 94

[By reporter Feng Junwei (7458 0193 0251)]

[Text] Mexico City, 17 Jul (XINHUA)—Peng Peiyun, Chinese state councillor and minister of State Family Planning Commission, and her party left for home after concluding their one-week visit to Mexico on 17 July.

Peng Peiyun arrived in Mexico on 10 July at the invitation of the Mexican National Population Commission.

During her visit, Peng Peiyun exchanged opinions with (?Moleno), president of the Mexican Congress, and leaders concerned on an international population and development conference, to be held soon in Cairo; the Fourth World Women's Conference, to be held in Beijing in September next year; and issues on population.

In addition, Peng Peiyun attended a seminar on Mexican family planning and population policy for 20 years and delivered a report: "China's Population and Development."

Political & Social**Report on Leaders' Activities 11-20 Jul**

OW2207074094

[Editorial Report] PRC media monitored by Okinawa Bureau carried the following reports on PRC Central leadership activities from 11 to 20 July 1994. The source is noted in parentheses after each report.

Wei Jianxing Attends Trade Union Meeting on Propaganda—The national conference of trade unions on propaganda and ideological work opened in Beijing on 11 July. Wei Jianxing, CPC Central Committee Political Bureau member and All-China Federation of Trade Unions president attended the conference. (Beijing XINHUA Domestic Service in Chinese 1242 GMT 11 Jul 94)

Wu Bangguo Meets Shanghai Development Seminar Participants—Wu Bangguo, CPC Central Committee Political Bureau member and Shanghai Municipal CPC Committee secretary, and Shanghai Municipal Mayor Huang Ju on 14 July welcomed experts and scholars who arrived in Shanghai to attend a seminar on development strategies for Shanghai, which is marching toward the 21st Century. (Shanghai People's Radio Network in Mandarin 2300 GMT 14 Jul 94)

Jiang Zemin Greets Baoli Corporation's 10th Anniversary—The Chinese Baoli Corporation recently marked its 10th founding anniversary. Party and state leaders Jiang Zemin and Li Peng separately inscribed congratulatory messages. Jiang Zemin inscribed: "Be united, forge ahead, and properly operate Baoli." Li Peng inscribed: "Make use of others' advantages and seek new ways to make further progress." (Beijing XINHUA Domestic Service in Chinese 0627 GMT 15 Jul 94)

Hu Jintao Comments on PRC Women's Work—On 15 July, the All-China Women's Federation [ACWF] held a seminar in Beijing. Hu Jintao, standing committee member of the CPC Central Committee Political Bureau and the CPC Central Committee Secretariat, recently heard a work report made by the federation's secretariat on women's work. He urged the federation to seize opportunities, to strive to improve the caliber of women in rural areas, to raise women's productivity further, and to develop more federation members into party members so as to raise grass-roots ACWF units to a higher level. (Beijing XINHUA Domestic Service in Chinese 1304 GMT 15 Jul 94)

Chen Junsheng Presents Certificates at Help-the-Poor Meeting—The China Fund for Helping Poor Areas held a "Help-the-Poor Campaign" meeting at the Great Hall of the People on 16 July, during which donations were received from people from all walks of life who hailed from all corners of the country and abroad. State Councillor Chen Junsheng presented certificates to donors. (Beijing XINHUA Domestic Service in Chinese 0840 GMT 16 Jul 94)

Zou Jiahua Attends Water-Control Project Signing Ceremony—A contract-signing ceremony for international bids on the Huang He Xiaolangdi key water-control project was held in Beijing on 16 July. Zou Jiahua, State Council vice premier, attended the meeting. The construction site of the Huang He water-control project was located 40 km north of Luoyang City, Henan Province. A total of 10 groups of bidders comprising 34 companies from 9 countries took part in bidding for the project in Beijing on 31 August 1993. A Sino-German-Italian group was among those which won the bids, worth over 7.3 billion yuan. (Beijing XINHUA Domestic Service in Chinese 1212 GMT 16 Jul 94)

Li Tieying, Zhu Rongji Mourn Zhang Mingqi's Death—While inspecting the flood situation in Linhai City on 15 July, Li Tieying, CPC Central Committee Political Bureau member and state councillor, showed concern over the death of Zhang Mingqi, Jinzhou City party secretary, who died in a flood control campaign. Li praised Zhang for having displayed the spirit of a CPC member by placing the interests of the people above everything else. On 16 July, Zhu Rongji, vice premier and standing committee member of the CPC Central Committee Political Bureau, called Liaoning Province leaders expressing his condolences to Zhang's family. (Beijing Central People's Radio Network in Mandarin 2230 GMT 16 Jul 94)

Jiang Zemin, Li Peng, Hu Jintao Mourn Zhang Mingqi's Death—Entrusted by General Secretary Jiang Zemin and Premier Li Peng, Hu Jintao, standing committee member of the CPC Central Committee Political Bureau, called the Jinzhou City CPC Committee on 17 July to express their condolences on the death of Zhang Mingqi, late party secretary of Jinzhou City who sacrificed his life in a flood control campaign recently. (Beijing XINHUA Domestic Service in Chinese 1434 GMT 18 Jul 94)

Zou Jiahua Inscribes Special Reports Title—Principal journalistic units in Beijing decided to jointly cover a series of reports featuring people engaged in the construction of key state projects. Vice Premier Zou Jiahua inscribed the title for the special reports—"The Bearing of the Constructors of Key State Projects." (Beijing XINHUA Domestic Service in Chinese 0527 GMT 17 Jul 94)

Li Tieying, Li Guixian Send Wreaths to Memorial Service—On 18 July, a memorial service was held for Zhang Mingqi, late Jinzhou City party secretary. Li Tieying, CPC Central Committee Political Bureau member and state councillor; State Councillor Li Guixian; Yu Yongbo, General Political Department of the People's Liberation Army [PLA] director; and others sent wreaths to the memorial service. (Beijing Central Television Program One Network in Mandarin 1100 GMT 18 Jul 94)

Li Lanqing's Congratulations to Physics Olympics Relayed—After seven days of competition, the 25th

International Physics Olympics closed in Beijing on 18 July. On behalf of the Chinese Government and Vice Premier Li Lanqing, Zhu Kaixuan, minister in charge of the State Education Commission and chairman of the organizational committee of this competition, extended congratulations on the success of the contests. (Beijing XINHUA Domestic Service in Chinese 1140 GMT 18 Jul 94)

Wu Bangguo Meets President of Canadian Company—The Canadian North Telecommunications Company, Shanghai Integrated Circuit Design Company, Bank of China, Shanghai Trust and Investment Corporation, and Shanghai (Jiushi) Company 18 July signed a contract for establishing the Shanghai North Telecommunications and Semiconductor Limited Company. Wu Bangguo, secretary of Shanghai Municipal CPC Committee, met the president of the Canadian company on 18 July. The Chinese-Canadian joint venture is one of the three joint venture projects agreed upon between the two countries during Vice Premier Zou Jiahua's visit to Canada in April. (Shanghai People's Radio Network in Mandarin 2300 GMT 18 Jul 94)

Jiang Zemin Signs Order To Award a Topographic Brigade—The PRC Central Military Commission recently issued a general order, signed by Chairman Jiang Zemin, to award Lanzhou Military Region's topographic brigade a Citation for Merit, First Class. The order praises the brigade's outstanding work in past 43 years, particularly the surveying of China's borders with Russia, Kazakhstan, Kyrgyzstan, and Tajikistan in May 1993. (Beijing XINHUA Domestic Service in Chinese 0825 GMT 20 Jul 94)

Jiang Zemin Signs Order To Award Swimming Coach—The PRC Central Military Commission recently issued a general order, signed by Chairman Jiang Zemin, to award Wang Lin, senior coach of the Guangzhou Military Region's swimming team, a Citation for Merit, First Class. The order confirms Wang's achievements in training outstanding swimmers for the state over the past eight years. (Beijing XINHUA Domestic Service in Chinese 0831 GMT 20 Jul 94)

Jiang Zemin Signs Order To Award A PLA Officer—The PRC Central Military Commission recently issued an order, signed by Chairman Jiang Zemin, to confer the honorable title of "a pacesetter who loves the Army and is keen on mastering skills" on Zeng Jiao, leader of the control platoon of a testing and transporting company under the Second Artillery Corps. The order cites Zeng's fruitful study in tackling problems concerning the control system of guided missiles and urges all officers and men to take Zeng as an example in mastering modern military technology. (Beijing XINHUA Domestic Service in Chinese 0836 GMT 20 Jul 94)

Jiang Zemin Signs Order To Award Nuclear Submarine Crew—The PRC Central Military Commission recently issued an order, signed by Chairman Jiang Zemin, to confer the honorable title of "a vanguard submarine

under the water" on the No. 11 submarine and its crew under the naval submarine base. The order notes that the crew of No. 11 submarine is the first crew in the PLA's nuclear submarine fleet and confirms its contributions, including a successful test of navigation and debugging the nuclear reactor operating on board and a test to ascertain the nuclear submarine's maximum self-supply capacity. The order also hails the crew's "many outstanding ocean-going exercises," which has improved the troops' war readiness and fighting capability. (Beijing XINHUA Domestic Service in Chinese 0857 GMT 20 Jul 94)

Copyright Infringement To Receive 'Criminal Punishment'

OW2107163794 Beijing XINHUA in English 1615 GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—China will mete out criminal punishment for copyright piracy, a senior official said, in explaining a decision of the country's legislature.

Yu Youxian, director of the State Copyright Bureau, explained a decision recently passed by the Standing Committee of the National People's Congress to punish crimes concerning copyright infringement in China.

He said that since the Copyright Law was enforced three years ago, China has made great progress in cracking down on copyright piracy. However, the law does not stipulate criminal punishment although it does state that the offender should get administrative and civil punishment.

The new decision fills in the vacancy and will be a forceful weapon to fight against copyright piracy, Yu said.

In the past few months, China has launched campaigns to check up on and confiscate pirated books, compact and laser discs and computer software all over the country.

More than 150 cases involving copyright piracy were also dealt with by copyright administrations in the past three years, he said.

State Council Issue Circular on IPR Protection

OW2207094894 Beijing XINHUA Domestic Service in Chinese 0830 GMT 22 Jul 94

[Text] Beijing, 22 Jul (XINHUA)—To energetically publicize China's achievements in protecting intellectual property right [IPR], to disseminate knowledge on IPR among cadres and people at large, and to enhance the whole society's legal awareness of IPR, the State Council's Information Office, the State Science and Technology Commission [SSTC], the Ministry of Foreign Trade and Economic Cooperation, the State Administration for Industry and Commerce, the State Copyright Administration, and the China Patent Office recently

issued a joint "Circular Concerning the Strengthening of Publicity and Education on IPR Protection in Conjunction With the Study of the White Paper 'Intellectual Property Protection in China'."

The white paper "Intellectual Property Protection in China," released by the State Council's Information Office on 16 June, has been formally published by the Wuzhou Media Publishing House. In addition to the full text of the white paper and speeches by Song Jian, state councillor and minister in charge of the SSTC, the book also contains in its appendix various laws and statutes related to IPR protection. The book will soon be available at Xinhua Bookstores in various localities.

Report Views Nation's 'Low' Recidivism Rate

OW2107182994 Beijing XINHUA in English 1521
GMT 21 Jul 94

["News Analysis" by Zhou Zongmin: "Why China Has Fewer Recidivists"]

[Text] Beijing, July 21 (XINHUA)—Among every 100 ex-criminals in China, only six relapse into crimes.

"That figure ranks China among countries with the lowest rate of recidivism in the world," said Zhang Xiufu, vice-minister of justice, in an interview with XINHUA today.

Statistics show that the rate of recidivism in several Western countries has hit 20 to 30 percent and in some cases is as high as 60 percent.

In fact, the vice-minister said, the rate of recidivism in China has always been low, indicating not only its success in reforming criminals, but also its great effort in resettling ex-prisoners and assigning jobs to them.

Recidivism refers to the practice of an ex-convict's recommitting crimes within three years of getting out of jail. A low rate of recidivism is considered an important symbol in judging the effects of a country's efforts in reforming and re-educating prisoners.

China has always held that most criminals can be reformed and turned into useful, law-abiding citizens. While giving penalties to them, Chinese prisons also devote great efforts to reforming and rescuing the prisoners through labor and education.

"Penalties are merciless, but reform is affectionate," said Zhang.

China has been putting much emphasis on re-educating criminals through labor and through education in laws, ethics, culture and technical abilities, Director Wang Mingdi of the ministry's Reform-Through-Labor Bureau said, adding that prison authorities have been trying their best to enable the prisoners to obtain job skills and get school certificates.

"By doing so, the government hopes that the criminals conscientiously reform themselves, abandon vicious thoughts and cultivate new ideas in respecting other people and cherishing the society," Wang said.

According to the bureau chief, in reforming the criminals, one important measure taken by Chinese prisons is to organize them to engage in production beneficial to the society.

Wang said labor is good for prisoners in at least four aspects:

- Helping them overcome bad habits such as sloth, aversion to work and hedonism, and nurtures a sense of social responsibility and awareness of law;
- Making them stay physically fit, and thus, ward off listlessness and avoid other side effects;
- Enabling them to acquire production skills that could help them to make a living after being released and prevent them from relapsing into crimes because of lingering bad habits or lack of job skills;
- Adapting them to normal social life after leaving prison.

Under Chinese law, convicts who are physically sound must participate in labor. At the same time, they can get material reward and necessary labor protection. The law also strictly bans export of prison products.

Wang said another major way to reform inmates is to set up special schools in prisons and reform-through-labor camps, because illiteracy or semi-illiteracy is typical of the criminals. A survey found that 80 percent of all prisoners in China have less than a junior secondary education.

Facing this challenge, the Chinese Government has included education of prison inmates in its national education program since the early 1980s. All prisons and reform camps, where conditions permit, are required to set up special educational institutions, Wang said.

The elimination of illiteracy and attainment of universal junior secondary education are the two basic objectives. But criminals with a higher educational level are encouraged to attend correspondence colleges, part-time colleges or TV colleges.

According to the official, prisoners who have attended classes and passed the tests given by local educational authorities will get certificates and diplomas equivalent to those issued by other public educational institutions.

Of all the criminals in custody, around 150,000 receive diplomas or certificates of various categories every year, while 100,000 obtain technical proficiency certificates, according to statistics from the Justice Ministry.

Currently, cultural and technical training classes have been established in all Chinese prisons, and a burst of

"knowledge fever" has emerged inside the high walls. Many of them have fixed classrooms, textbooks and teachers.

Labor and all kinds of professional or technical training provide the prisoners with a basic means of earning a living, thus spurring their enthusiasm in reforming themselves and their confidence in future life, said Wang Fei, vice-president of the China Reform-Through-Labor Society.

"Cultural and ideological education helps to upgrade their profile," he added.

"The guaranteeing of a job skill and the raising of cultural level have effectively reined in the rate of recidivism," said the Shanghai-based expert, who was formerly warden of the Shanghai City Prison.

Besides providing classroom education, Chinese prisons also invite famous personalities, family members and ex-criminals to give talks to the prisoners.

In addition, Chinese prisons carry out a common practice of categorized lock-up, control and education. In this practice, prison officers classify the inmates in accordance with the types of crime they have committed to avoid "cross-infection", teach them in accordance with their different attitudes, and give those with good behavior some freedom of movement.

According to the Justice Ministry, 20 to 25 percent of the prisoners are given suspended sentences or placed on parole each year.

Also, China attaches great importance to the resettlement of prisoners, which includes housing, employment and education. The government lends a hand in solving their family or marital problems, too.

In addition, the police' crackdown on crimes has served to deter recidivism, according to experts.

Fujian Establishes Drug 'Rehabilitation' Center

HK2207005294 Beijing ZHONGGUO XINWEN SHE
in Chinese 1205 GMT 22 Jun 94

[By correspondent Sun Xianxun (1327 6343 6598)]

[Text] Fuzhou, 22 Jun (ZHONGGUO XINWEN SHE)—A Fujian Provincial Compulsory Drug Rehabilitation Center was founded yesterday in Fuzhou with the aim of cracking down on drug trafficking and halting drug abuse.

The first for Fujian, the center is a joint effort by the provincial public security and health departments. It began to accept drug addicts on 15 July.

Apart from financial penalties for people proved addicted to drug inhalation or injection in pursuance of the provisions of National People's Congress drug-banning decisions, those who can afford to pay for drug-kicking programs will be sent to this center for

treatment, education, and forceful detoxification. Those without the financial means will be allowed a certain time to get rid of the habit. Those failing to do so after the deadline or fall back on drugs after the forceful detoxification will be sent to a compulsory drug-rehabilitating reform-through-labor center.

The Fujian Province has also set up a provincial drug-treated therapy center and a similar one in the Xiamen City, which offer drug abuse treatment for addicts in China and from overseas.

The Center's compulsory drug rehabilitation program lasts two months.

Regulations Issued on Criminal Killing of Rare Animals

OW2207024694 Beijing XINHUA in English 0149
GMT 22 Jul 94

[Text] Beijing, July 22 (XINHUA)—The Ministry of Forestry and the Ministry of Public Security have issued regulations concerning punishments for killing rare wild animals.

The regulations stipulate that Forestry Police are responsible for handling the criminal cases involving the killing, hunting, purchasing, selling, smuggling and stealing of state-protected wild animals.

In the areas where there are no Forestry Police, the local public security organ should take up the responsibility, the regulations state.

Science & Technology

Asia-Pacific No. 1 Satellite Launched

Satellite 'Successfully Launched'

OW2107111794 Beijing XINHUA in English 1109
GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—China has successfully launched the "Asia-Pacific No. 1" satellite at 18:31 hours [1031 GMT] today at Xichang Satellite Launch Center in southwest China's Sichuan Province.

The satellite was launched with the "Long March No. 3" carrier rocket for the Hong Kong-based Asia-Pacific satellite communications Co. Ltd. The satellite was made by the Hughes Corporation of the United States.

Placed in 'Anticipated' Orbit

OW2107131894 Beijing XINHUA in English 1256
GMT 21 Jul 94

[Text] Xichang, July 21 (XINHUA)—China successfully launched the "Asia-Pacific No. 1" satellite at 18:31 hours [1031 GMT] today at Xichang Satellite Launch Center in southwest China's Sichuan Province.

The satellite was launched with the "Long March No. 3" carrier rocket for the Hong Kong-based Asia-Pacific Satellite Communications Co., Ltd.

The 1.4 ton satellite, made by the Hughes Corporation of the United States, has 24 c-wave band transmitters and is designed to last for 10 years. It will cover the whole of the Pacific region.

According to the Xian Satellite Monitoring and Control Center in northwest China's Shaanxi Province and monitoring ships and stations in the Pacific ocean, the rocket went through all procedures smoothly and placed the satellite on the anticipated transfer orbit at a position with a perigee of 205.96 kilometers, an apogee of 42,261.2 kilometers and a dip angle of 26.8 degrees.

The Hughes Corporation will then be in charge of positioning the satellite at a point 131 degrees east longitude above the equator and then putting it in the charge of the Asia-Pacific Satellite Communication Co., Ltd.

The "Long March No. 3" carrier rocket, made by the China Institute of Carrier Rocket Technology and Shanghai Aeronautics and Astronautics Bureau, has succeeded in launching seven satellites before. In order to ensure the success of launching in the rainy season, the rocket has been equipped with devices against thunder and lightning, rain and moisture.

China will also launch "Ausat B3" and "Asia-Pacific No.2" satellites this year.

CCTV Carries Live Coverage

OW2107155794

[Editorial Report] Beijing Central Television Program One Network in Mandarin at 1020 GMT on 21 July begins carrying its 29-minute live coverage of the launching of the Apstar-1 satellite on the Long March-III carrier rocket at the Xichang launch pad in Sichuan.

At 1024 GMT an unidentified male correspondent, after briefly identifying the occasion, says: "Viewers, what you are seeing is the Long March-III carrier rocket, which was developed by the China Institute of Carrier Rocket Technology, which is affiliated with the China Aerospace Industry Corporation; and by the Shanghai Aeronautics and Astronautics Bureau. It is one of our country's main vehicles for launching geostationary satellites. Its total length is 43.28 meters, and the fuel used for the first and second stages of the rocket is standard liquid fuel, while that for the third stage is liquid hydrogen and oxygen. The rocket weighs 203 tonnes, with a takeoff thrust of 280 tonnes. It can send a 1.5-tonne satellite into geostationary orbit more than 35,000 km above the earth. The AsiaSat-1 satellite, which is currently functioning well, was sent into space from here." "The Apstar-1 communications satellite is housed in the rocket's nose. It is an (?SH-376) satellite manufactured by Hughes Aircraft Corporation of the United States for the APT Satellite Company. It weighs

1.4 tonnes and carries 24 C-band transponders. Its service life is 10 years. It will be positioned 131 degrees east longitude above the equator." As the correspondent provides background information on the carrier rocket and the satellite, the video shows technicians working at computers in front of a very large screen on which the upper part of the rocket is shown.

At 1030 GMT the video shows the buttress-type arms which are used to secure the rocket lifting upward as the rocket is poised to lift off. At 1031 GMT the video shows red, white, and orange smoke billowing out from the bottom of the rocket as the latter roars into the blue sky. The camera follows the rocket for approximately 38 seconds and then shifts back to show the launch pad, where white smoke can still be seen rising from the ground. The correspondent says, "Viewers, the Long March-III carrier rocket, while carrying the Apstar-1 satellite, is now soaring into distant space."

At 1032 GMT the video switches to the control room, where the rocket's path is shown on the very large screen. The correspondent says: "The sky over the launch base is cloudy today. Hence, our camera can only produce a very limited amount of pictures." The very large screen shows the path of the rocket across a map of Sichuan. The correspondent says: "The rocket is 128 seconds into its flight. The straight-line trajectory on the screen shows that the first and second stages of the rocket have successfully separated. The first stage of the rocket will fall into Wengan County, Guizhou Province, while the second stage will continue to propel the satellite according to plan."

At 1035 GMT the correspondent says: "The rocket is now 265.7 seconds into its flight. The second and third stages of the rocket have successfully separated. The second stage of the rocket will fall into the Pacific Ocean, whereas the third stage of the rocket is igniting and is flying normally with the satellite on it." The video shows Chinese and foreign officials smiling and nodding to each other in the control room.

At 1036 GMT the video shows a chart showing the parameters of Apstar-1's orbit. The correspondent says: "According to its theoretical design, the satellite should now be in a transfer orbit with a perigee of 200 km, an apogee of 42,386 km, and a dip angle of 27 degrees." Noting that it will take some time for the data to be transmitted back, the correspondent then goes on to provide background information on the APT Satellite Company, the Hong Kong-based international consortium that owns the Apstar-1 satellite. The correspondent continues, "Viewers, it has been disclosed that after eight years of commercial launch services, our country has established commercial ties with more than 100 companies and research institutes in 36 countries and regions, as well as with international organizations."

At 1042 GMT the correspondent interviews (Tong Yan-jie), (?chief engineer) of the Xichang Satellite Launch Center, on technical preparations for the launch. Mr.

(Tong) says: "To launch the Apstar-1 communication satellite, our launch center made plenty of technical preparations. First, we reshuffled our technical personnel. We assigned 95 percent [figure as heard] of college and technical secondary school students who graduated after 1991 to the front line of command operations. After undergoing systematic training, they went through practical and group training to qualify for employment. Second, we carried out many improvements in our monitoring, control, communications, and weather systems. In particular, we replaced our [words indistinct] computer and central processing unit with modern machines. This ensured that our equipment would be more reliable and stable. We also improved our equipment for processing and displaying data, which can serve various monitoring and control purposes. We made plenty of technical improvements on our radar systems and optical equipment. We improved our technology and equipment to accomplish this mission. Third, keeping in mind our actual condition—Xichang is currently in the rainy season—we carried out maintenance, inspection, repairs, and renovation work on our launch facilities to provide launch services in the rainy season. This means that we tested and improved our facilities to guard against thunder, static, rain, and electromagnetic induction. Through such testing, the indexes of such equipment met the prescribed requirements. Fourth, because Xichang is prone to thunderstorms, we built a new thunder and lightning monitoring system. The lightning positioning system has gone into operation, and the newly developed ground [words indistinct] network has gone into trial operation after undergoing state appraisal. The aerial [words indistinct] network has also entered the experimental stage. In short, we made full preparations in various fields for the launch of the Apstar-1 satellite."

At 1048 GMT the video shows the correspondent interviewing an unidentified man. In response to the correspondent's question on technical improvements on the launch base, the man says: "To complete the launch, we improved the technical aspects of our launch facilities. We carried out more than 144 technical improvement projects, including tower equipment, monitoring and testing rooms, and air-conditioning systems in our monitoring and testing environment."

At 1049 GMT the live coverage ends abruptly.

Military

Shenzhen Military Base To Oversee Hong Kong, Taiwan

HK2207044594 Hong Kong EASTERN EXPRESS in English 22 Jul 94 p 1

[By staff reporters]

[Text] The new military base under construction in Shenzhen will serve as command headquarters for the entire East and South China Sea region, including Hong

Kong, Macao and Taiwan, it was revealed yesterday. The Bao'an national defence tower and training base will be a "command, training and intelligence" headquarters for the region, according to Xu Simin, a Hong Kong member of numerous Chinese political bodies, who frequently serves as a conduit for Beijing on military matters.

"As part of technological upgrading, the Guangzhou military command is setting up the base to handle this large and important region," Xu said. "Hong Kong will be only one of its responsibilities."

Senior British and Hong Kong government officials said they had previously learned of China's plans to build a key military base in Shenzhen through intelligence sources. Those reports stated that the base would be used as a staging post to train People's Liberation Army troops from all over the country for deployment in Hong Kong after the 1997 handover.

The officials expressed concern about the proximity of the base to Hong Kong, but acknowledged that China was under no obligation to inform the territory's present administration of its plans for military facilities on the mainland. "We've known about these plans for some time now, but we just can't do anything about it," one senior Hong Kong official said.

The 180 million renminbi (\$159.8m) base will include a 28-storey command tower, a firing range, and training grounds, according to the Shenzhen Special Zone Daily. While proximity to Hong Kong was the main reason for the base being in Shenzhen, mainland military sources said the PLA's ownership of huge unused tracts of land in the city was another important factor.

The development of the base has provoked disquiet even among China's advisers on Hong Kong affairs. A Preliminary Working Committee member, Lau Siukai, said the cloak of secrecy surrounding China's military preparations for Hong Kong was creating "a sense of suspense" in the territory. "China thinks it is better to keep its preparations covered up until they are complete and then impress the Hong Kong people with what it has prepared for them," he said.

A United Democrat, Albert Chan, said Hong Kong people would feel threatened by the strong military presence across the border. Chan said the large-scale military project reflected Beijing's mistrust of the Hong Kong people. "In more than 100 years of British rule in Hong Kong, China never made a point of building up its military force near Hong Kong," he said. "Why should they do it in the run-up to the transfer of power?"

The independent legislator Emily Lau said the specific location of the new military base was not important. "China has already warned it is capable of sending troops to Hong Kong to suppress any tumult in the territory within half an hour."

Lau Sui-kai, who was one of 200 Beijing-appointed Hong Kong advisers invited to inspect troops of the Guangzhou military region in May, said the Guangzhou tour was "just for advertising". He said "over the next year" Beijing would begin increasing information about the PLA contingent to be stationed in Hong Kong after 1997.

PLA Attracts Graduates With Advanced Degrees

*OW2207043094 Beijing XINHUA in English 0145
GMT 22 Jul 94*

[Text] Beijing, July 22 (XINHUA)—With the progress of the Chinese People's Liberation Army (PLA) toward modernization, more and more graduates with Ph.D or Master's Degrees have joined up.

This year, more than 1,700 graduates with Ph.D or Master's Degrees were assigned to the PLA from various universities and research institutes.

Up to now the number of graduates with advanced degrees in the PLA stands at 13,000.

The PLA itself now has 21 institutes with 138 disciplines which offer Ph.D level courses and 54 units with 523 disciplines for M.A. studies.

In recent years, the PLA has extended the scope for graduates' majors according to the needs of the development of the Army.

The University of National Defense and the Academy of Military Sciences this year began to enlist graduates to major in military science.

Meanwhile, the Army has also turned to society to enlist talents from localities and abroad.

The PLA has accepted 220 returned graduates with Ph.D Degrees.

Economic & Agricultural

Zhu Rongji Rules Out Deregulation of Cotton Market

*HK2207005094 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1231 GMT 12 Jul 94*

[Text] Beijing, 12 Jul (ZHONGGUO TONGXUN SHE)—Chinese Vice Premier Zhu Rongji stressed at a recent meeting that the cotton market will not be deregulated this year.

Zhu Rongji said: Deregulating the market during such serious cotton shortages would encourage speculation and fuel price hikes, and the State Commission for Restructuring the Economy will take the initiative to study and investigate if deregulation is possible next year. Leaders of localities, especially those in cotton-producing areas, must take into consideration the overall situation, proceed with the general picture in mind, and

ensure that the state obtains cotton supplies. Cotton supplies which should be transferred to areas outside cotton-producing areas should be; they should not be delivered only to a few township and town enterprises. Private cotton businessmen should not be allowed to buy up cotton supplies; there will be no more "cotton wars." There must be inspection groups stretching all the way from the central to local governments to oversee such a task.

Zhu Rongji emphasized strengthening quality checks, price monitoring, and market management. Railway departments must not freight cotton shipments without approval from local governments, commercial and industrial bureaus, and tax bureaus. Criminal proceedings will be brought against people found selling their "freight quotas."

Zou Jiahua Addresses Conference on Reducing Losses

*OW2107143194 Beijing XINHUA in English 1415
GMT 21 Jul 94*

[Text] Beijing, July 21 (XINHUA)—Sponsored by the State Council, a three-day national conference on reducing enterprises' losses and increasing their profits opened here today.

Addressing the opening session, Vice-Premier Zou Jiahua pointed out that to help state-owned enterprises reduce losses and increase profits is an important task in this year's economic work.

After analyzing the national economic situation, Zou said that in the first half of this year, the reform and development of state-owned enterprises went well, but for various reasons, losses are still conspicuous.

He said that the central government has attached great importance to this issue and has, on the basis of surveys and investigations, taken effective measures to help the enterprises overcome difficulties and reduce their losses.

As a result, he said, the second quarter made an obvious turn for the better.

"It is not correct to either exaggerate state-owned firms' losses or to adopt an indifferent attitude towards the problem," the vice-premier said, stressing that the difficulties of such enterprises arise from a variety of causes and can surely be overcome.

He urged leading officials at all levels to strive to help extricate state-owned enterprises from difficulties, and thus, ensure their development.

Also, he said, the enterprises themselves should work hard to improve their management, restructure the product mix and carry out technical renovation in line with the needs of the market.

Agriculture Minister Discusses Tasks for Jul-Dec
OW2107224694 Beijing XINHUA Domestic Service in Chinese 1102 GMT 9 Jul 94

[By reporter Wang Yanbin (3769 6056 1755)]

[Text] Beijing, 9 Jul (XINHUA)—Agriculture Minister Liu Jiang said: The second half of the year will be vital for achieving a bumper agricultural harvest for the whole year and increasing the efficient supply of agricultural products. The next four to five months will be crucial to ensuring good production for the entire year.

It has been learned that in the first half of this year, localities throughout the country earnestly implemented a series of important guidelines from conferences of the party Central Committee and the State Council on strengthening agriculture and rural economic work. In addition, they strengthened their leadership over work in rural areas and brought notable improvements to agricultural work. They attached importance to grain production, resulting in a fairly good summer harvest for grain and oil-bearing crops. Production of "vegetable basket" products grew steadily, village and town enterprises developed fairly rapidly, and positive progress was made in some aspects of rural reform. However, some objective factors, particularly frequent natural disasters in some localities since May, have caused fairly great losses to agricultural production. Therefore, to achieve a bumper agricultural harvest for the entire year and to maintain the sustained, stable, and healthy development of the rural economy, it is still necessary to put in tremendous efforts in the second half of the year.

At a national discussion meeting on agriculture and rural economic work that ended today, Liu Jiang pointed out: It is necessary to effectively carry out our tasks in the following six areas of agriculture and rural economic work in the second half of the year:

First, we should efficiently increase the supply of agricultural products by every possible means by focusing on the production of grains, cotton, and "vegetable basket" products. Natural calamities were frequent in the first half of this year, and July and August are also months of many disasters. Therefore, we must think about combating disasters throughout the year to achieve a bumper harvest and make good preparations in the organizational, material, and technical aspects of the task. We must strive to expand the cultivation areas for fall crops and manage farmlands well. We must continue to do a good job in animal husbandry and fisheries production, expand vegetable farmland areas to ensure an abundant supply of vegetables, as well as efficiently increase the supply of agricultural products by every means possible.

Second, we must effectively support large grain- and cotton-producing counties in their economic development as well as the establishment of high-yield, high-quality, high-efficiency agricultural demonstration regions. We must do a good job of preparing feasibility

reports on projects, correctly select good projects, and strive to release funds as soon as possible.

Third, we must stress quality control and promote high efficiency among village and town enterprises. Village and town enterprises must concentrate their efforts on deepening reform, strengthening management, and raising efficiency.

Fourth, we must promote scientific and technological progress as well as strengthen the task of developing agriculture with science and technology. We must take the "bumper harvest program" as our guide and give emphasis to promoting the use of chemical fertilizers, preventing bollworms and acute infectious diseases in livestock and poultry, using straw compost to fertilize farmland, and promoting excellent breeds.

Fifth, we must continue to lessen peasants' burdens and increase their income by every means possible.

Sixth, we must further deepen rural reform. We must stabilize and improve the household contract responsibility system with remuneration linked to output as well as the dual management system, which combines household with collective operations. We must offer correct guidance in extending land contract terms as well as earnestly sum up the experience in the rights to use waste hills, waste slopes, waste ravines, and waste beaches for their sound development. We must standardize rural cooperative foundations, rectify practices that violate regulations, and strengthen their management. We must steadily carry out experiments in shareholding system reform.

Rural Firms Encouraged To Enter World Markets
HK2207005494 Beijing ZHONGGUO XINWEN SHE in English 1239 GMT 21 Jul 94

[Text] Beijing, 21 Jul (ZHONGGUO XINWEN SHE)—Relevant departments under the State Council have enacted preferential policies in recent time to encourage township enterprises in China to head for the international market. The policies stipulate that export-oriented township enterprises will have the same interest rate of loan for technological upgrading as state-owned enterprises do.

The policies also stipulate tariff and value-added tax will be reduced or exempted for their imported technology and equipment required for the purpose of technological renovation. License is not required of township enterprises for imported raw materials, parts, accessories, which are allowed to be imported on production of licenses, for goods to be exported.

Township enterprises are invited when the state calls for bids for export projects in the fields of light industry, textile, machinery, electronics as well as agricultural products and by-products.

Beijing Meeting Views Loss-Making State Enterprises

HK2207005694 Beijing ZHONGGUO XINWEN SHE in English 1426 GMT 21 Jul 94

[Text] Beijing, 21 Jul (ZHONGGUO XINWEN SHE)—A national meeting on deficit elimination for enterprises was held in Beijing today. It was aimed at looking for ways to turn loss into profit by state-owned enterprises. Vice-Premier Zou Jiahua pointed out in the meeting that it was considered an important part for invigoration of state-owned enterprises as well as for proper handling of relations between reform, development and social stability.

Statistics released by the Ministry of Finance showed that the number of state-owned industrial enterprises in the red was 16,600 in the first half of this year, making up 46.3 percent of the total and showing a rise of 15.5 percentage points over the same period last year. The total loss was valued at RMB [renminbi] 21.97 billion or a gain of 22.8 percent.

Mr. Zou stressed that should problems facing state-owned enterprises not be properly settled and loss made by them not be reduced to a great extent, it would not only result in a slide of economic return, financial difficulty suffered by state and localities and the lowering of living standard but also become a serious political issue which will in turn have ill effects on healthy development of the national economy, on the reform progress as well as on social stability.

The vice premier said that causes should be analyzed for loss made by state-owned enterprises. First, the internal management of these enterprises was poor and the enterprise leadership was weak.

Second, state-owned enterprises shouldered a too heavy debt burden and stopped short of capital required for their business running.

Third, equipment possessed by state-owned enterprises was outdated and technology employed by them was backward. They also had to make a great deal of input in the production process while their products were not competitive and saw no market.

Fourth, the way an enterprise was run as though it were an independent community brought about more difficulties to those enterprises.

Fifth, the price reform was regarded as another main factor to increase expenditure but reduce profit for enterprises.

Sixth, following the implementation of the general rule for finance and the criterion for accounting employed by enterprises, the hidden loss surfaced.

Mr. Zou was convinced that revision should be carried out from inside a particular enterprise which was in the red. Potential for better management should be tapped in a bid to turn loss into profit. Local governments at

various levels should play a strong role in helping state enterprises change the management mechanism and overcome difficulties.

Article Views Maximizing Current Opportunities

HK2107110894 Beijing RENMIN RIBAO in Chinese 24 Jun 94 p 5

[Article by Li Ruogu (2621 5387 6253): "China's Opportunities and Development Strategy"]

[Text] People often say that China faces opportunities and should not lose these opportunities. Then, what are the opportunities encountered by China? What should we do in order not to lose these opportunities?

In terms of the international environment, great changes have occurred in the world after the Cold War. The world pattern has developed towards a pluralistic one. The focus of international conflict has changed from military standoff to economic competition. Economic issues have become the center of world attention. These developments in the situation have brought advantageous conditions to China and have expanded the scope and extent of China's activity in the international economy. Currently, there is both a surplus and a shortage of international capital. We say there is a shortage because the capital needed for the development of all countries far exceeds the amount of usable capital, and we say there is a surplus because all of the capital wants to flow to those regions with high returns and efficiency. However, at present, the economies of the developed countries are recovering slowly, and the economies of the developing countries are generally in recession. Only the East Asia area is doing well, and international capital is competing to flow in. Over the past 15 years, China has made outstanding achievements in reform and opening up. China's economic scale is large, its market capacity is large, its politics are stable, and its economy is maintaining a high speed of development. These advantages put China in an extremely advantageous position at present. However, these advantages are not fixed. This is not only because many countries and regions in East Asia are also adjusting their economic structure, with some of their advantages such as cheap labor and high degree of marketization being more attractive than ours, but also because the original economic foundation of some Eastern European countries and the former Soviet Union, which are reforming their economies, is better than ours, and, once they accomplish economic adjustment, they will enter a fairly rapid development stage and will become strong competitors in attracting foreign capital. Therefore, we must make good use of the 5-10 year time lag and absorb as much foreign capital as possible to accelerate economic development so that China's economy can climb several steps and maintain the development advantages of the Chinese economy. Apart from this, the developed countries are all conducting structural adjustments in their economies. Some of their industries, technologies, and equipment have to be transferred out. Some of them, which

are relatively suited to our current development level, can be absorbed and can thus promote the economic development of China. *If we cannot use this period to absorb more foreign capital and accelerate development, then we will lose the opportunity and may very well be left behind by other countries and regions. This is the international opportunity we face.*

Now let us talk about our domestic opportunity. Through more than ten years of reform and opening up, China's economy has achieved substantial development, with both the foundation and economic power strengthened to some extent. This has created a good environment and basis for accelerating reform and strengthening the force of reform. At the same time, through the toughening of over 10 years, the Chinese people's psychological endurance of reform has also been greatly raised, providing a material and spiritual foundation for accelerating reform. This demands that we conduct economic structural reform and not lose the opportunity, that we establish market mechanisms as soon as possible, and that we realize the transition from a planned economy to a market economy. If we do not use this current opportunity to accelerate our steps towards a market economy, we will not only be unable to connect with the world economy and participate in the normal activities of the international economy as early as possible, but we will be unable to eliminate the phenomenon of great ups and downs and stop-go in China's economy, which is not conducive to strengthening the confidence of foreign capital in the future of China's economic development, and we will eventually lose our appeal to foreign capital. Thus, we will be unable to grasp the international opportunity. At this point, international and domestic opportunities are closely linked. *In brief, China's domestic opportunity means using current advantageous conditions to realize the rapid transformation of the economic structure and to establish a market economy mechanism in the shortest possible time. We must guarantee the stability of the macro economy. If the macro economy is unstable and inflation is serious, we will be unable to deepen reform. Therefore any action harmful to the stability of the macro economy, no matter how reasonable they might be from a partial point of view, is completely wrong and unacceptable from the standpoint and perspective of the whole.*

Then, in order to grasp the current opportunities, how should we push forward reform and opening up at present? I believe we must handle the following aspects of our work well.

Firstly, we should treat seriously the issue of international coordination. China's links with the world economy are becoming closer each day. Our annual import and export volume is approaching \$200 billion, foreign capital absorbed each year exceeds \$100 billion, and foreign capital actually used is \$20-30 billion. China is a member of the two important international finance organizations, the IMF and the World Bank. And negotiation to restore its status as a signatory state to GATT

are actively continuing. Thus, participation in the international division of labor and coordination is unavoidable and is a prerequisite. On the whole, this is beneficial to China's economic development. Towards this end, it is also appropriate to take on responsibilities and duties corresponding to China's economic development level. On the other hand, we also demand that the international community, especially the developed countries, evaluate China's economic power according to the facts. China is still a developing country. It has nearly 1.2 billion people and its economic development still faces many difficulties. It is irrational to ask China to bear responsibilities and duties incompatible with its strength. This is not only harmful to China's development, but from a long term point of view, will eventually harm the development of the world economy. Therefore, we must take the problem of international coordination seriously, find out what are long-term interests and what are short-term interests, what are interests we can give up and what are interests we must protect, and thereby participate in international economic activity more effectively.

Secondly, to grasp the opportunity, the key is the stability of the macro economy. To guarantee the stability of the macro economy, monetary policy must be stable first. In the past 15 years, there have been several incidents of overheating in China's economic development. The main reason has always been the excessive issuance of currency, caused by over-heated investment and weak controls on credit and loans. Currently, in targeting these problems, China has adopted large-scale reforms in taxation, investment, banking, and foreign currency management. We believe that after these reforms are accomplished, the stability of our macro economy will greatly improve. However, to treat this cycle of overheating followed by tightening from the roots, another important realm requires reform, i.e., the administrative control of interest rates. In order to let interest rates—the price of capital—really play a fundamental role in resource allocation, we should abolish the administrative management of interest rates as quickly as possible. And the main obstacle to freeing up interest rates is the weakness of enterprises. This in turn requires that enterprise reform be accomplished as early as possible. And even if enterprise reform still cannot completely change the weakness of enterprises, banks should no longer provide subsidies to enterprises. Subsidies to enterprises should be borne by revenue. In cases where revenue is insufficient, this can be resolved by issuing bonds. This is because the practice of banks subsidizing enterprises and lowering interest rates not only distorts enterprise behavior but also distorts banking behavior. Because interest rates cannot reflect the cost of capital, non-standard behavior, such as chaotic fund-raising, the calling of loans, and irregular circulation, certainly occurs. To treat these problem from the roots, the only solution is to lift interest rate controls. We can adopt the method of first freeing short-term interest rates and then

gradually freeing long-term interest rates. Measures to free short-term interest rates should emerge as soon as possible.

Thirdly, a rational economic structure must be formed. Because of differences in ethnic groups, culture, geographical position, and resources, the development level of various parts of China is quite different. For all places to develop and advance in step would cause an unbearable burden on the national power. Therefore, there must be a clear strategy to develop in stages. The establishment of special economic zones is an important step to realize this strategy. The current problem is how to give full play to the radiating function of special economic zones and the open coastal areas, and to really demonstrate their leading effect. I believe that in order to achieve this, the coastal areas and special economic zones must be quite a bit higher in economic development than the interior; they must develop high and new technology and new industries continuously and transfer some labor-intensive industries, which have lost their relative interest, to the interior in order to concentrate more manpower and material in developing the new fields. This is the first level. The second level means that the development of all regions also has to pay attention to structure. Apart from labor-intensive industries, they should also develop capital-intensive industries according to their own conditions, including high-tech and new technology industries. Because the amount of investment required is large for capital-intensive industries, and because technical demands are high, one must act according to one's abilities and should not launch projects blindly. The benefit of forming these two levels is that, firstly, it is beneficial to the holistic development of China's economy and to the reduction of regional gaps in the development level of the coastal and interior regions; secondly, it is beneficial to maintaining China's advantage in labor-intensive and some capital-intensive industries for a fairly long period of time, so that China will not rapidly lose its advantage in the world because of rising labor costs; and, thirdly, it is beneficial to the adjustment of the economic structure of the whole country and certain regions. Not only can this reduce the pain caused by this kind of adjustment, but it can shorten the adjustment cycle.

To sum up, the key to grasping the current opportunities is to maintain social stability and the stability of the macro economy and develop at a relatively high speed. And stability and rapid development is a pair of contradictions. Only under stable conditions can we develop at a relatively high speed. And only when we are developing with a relatively high speed can we consolidate the stable situation. When we solve this contradiction well, then we have solved the fundamental problem of adhering to the one central task and two basic points.

State To Hold National Work Conference To Aid Tibet

HK2207063694 Hong Kong WEN WEI PO in Chinese 21 Jul 94 p A2

[Dispatch by staff correspondent Chen Chien-ping (7115 1696 1627): "Aid Tibet Conference To Be Held in Beijing Late July; Rich Provinces Will Fund Some 60 Projects"]

[Text] Beijing, 20th—An authoritative figure here revealed that a National Aid-Tibet Work Conference is scheduled for the second half of this month. The approximately 60 construction projects to aid the Tibetan economy proposed by the central authorities will be fully funded by those provinces and cities with relatively strong economies. The central authorities will be holding a Tibet work conference in September to plan and decide on the key policies for further deepening reforms and expanding opening up.

The person said that the central authorities had convened an aid-Tibet conference in 1984, at which provinces and cities across the country committed themselves to 40 aid-Tibet construction projects, most of which were for social services or aimed at laying a foundation for Tibet's opening up, such as schools, hospitals, guest houses, and other tertiary industrial projects, with the remainder made up of processing industry projects. The 60 or so projects proposed by the central authorities this year are primarily infrastructural industrial projects in the energy and transport sectors. The State Council has issued circulars to provinces and cities with strong economies asking them to follow the policy of joint development and common wealth and promise commitments to the aid-Tibet programs. The central authorities expect all the aid-Tibet projects to be fully funded and built by these provinces and cities under a contract system until these projects are completed.

This person said: Next year is the 30th anniversary of the founding of the Tibet Autonomous Region. Apart from the Aid-Tibet Work Conference this July, the central authorities will also hold a Tibet work conference in September. The central authorities believe that Tibet's reform and opening up is on the threshold of a new stage. The Tibet work conference will plan and decide on significant policies on further deepening Tibet's reform and expanding its opening up under the principle of ensuring its political and social stability while promoting economic development.

First Financial Radio Station To Begin 1 Aug

OW2107190494 Beijing XINHUA in English 1503 GMT 21 Jul 94

[Text] Shanghai, July 21 (XINHUA)—The "Dongguang-Satellite" financial radio station, the first of its kind in China so far, will start broadcasting as of August 1 this year.

The radio station will broadcast information about the stocks exchanges and other securities, foreign exchange rates and other financial news to over 400 cities throughout China.

Frequency to be used by the radio station is 97.7 megahertz.

The radio station is now in trial operation. Voice transmissions of the trial operation are clear.

Electronics Industry Reports Increased Output

*OW2107183194 Beijing XINHUA in English 1452
GMT 21 Jul 94*

[Text] Beijing, July 21 (XINHUA)—China's electronics industry reported to have recorded a 31.2 percent growth, with total output value reaching 82 billion yuan in the first half of this year.

Sources from the Ministry of Electronics Industry said that production in state-owned large and medium-sized enterprises of the industry has been recovering steadily, with a total industrial output value of 54.87 billion yuan, up 28.6 percent.

In the first six months the electronics industry posted a total sales value of 62.51 billion yuan, up 28.7 percent from the same period last year.

The overall condition of the production and sales of electronics products was quite good, but the sales volume of some major products began to decline. The sales of fax machines, video recorders, TV sets, tape recorders and sound equipment began to fall and stockpiles were on the rise. Reserves of fax machines increased 78.8 percent, those of video recorders increased 140 percent, and those of TV sets increased 130.8 percent.

30 Locales Made Bases for Marketable Grain Production

*OW2107183294 Beijing XINHUA in English 1501
GMT 21 Jul 94*

[Text] Beijing, July 21 (XINHUA)—The Ministry of Agriculture has decided recently to make 30 more counties and county-level cities bases for production of marketable grain during the rest of the Eighth State Five-Year Plan period (1991-95), bringing the total number of such listed county-level bases to 509.

The central government and localities will invest jointly in construction of these bases. The ratio of the central government's investment to that of the localities will be 1:1.5. The major projects in building these bases include setting up a system of popularizing agricultural science and technology, establishing a system of breeding fine strains, improving low and middle yielding farmland, and popularizing the use of farm machinery.

China started to build marketable grain producing bases in 1983. In the past decade, a total of 2.3 billion yuan was invested in the project. So far, 479 of the listed counties and county-level cities have been built into such bases. These counties' farmland accounts for 40 percent of the national total. However, they produced 50 percent of the national total in grain and 60 percent of the national total in marketable grain.

East Region

Fujian Governor Reviews Economic Work Jan-Jun

HK2207052994 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 14 Jul 94

[Text] At this year's 2nd meeting of all leading provincial government officials yesterday, Governor Chen Mingyi analyzed and summed up government work in the first half of this year and made comprehensive arrangements for government work in the second half.

Chen pointed out: Since the beginning of this year, the operations of Fujian's national economy have been in good shape. The province's gross national product is expected to reach 55.976 billion yuan in the first half of this year. Calculated in terms of comparable items, it represents an increase of 19 percent over the same period last year.

The specific manifestations are: The rural economy has developed comprehensively. Grain production has picked up to a certain extent. The total output of spring-harvested grain is 450,000 tonnes, a little higher than it was last year. The area cultivated with summer grain crops has been expanded by 430,000 mu over last year. The comprehensive development of agriculture has continuously moved ahead. Township and town enterprises have continued to develop at a high speed. Their total output value in the first half of this year was 81.42 billion yuan, an increase of 85.7 percent over the same period last year.

Industry, communications, and domestic trade continues to grow. In the first half of this year, the industries at and above the township level produced 55.961 billion yuan in output value, an increase of 25.8 percent over the same period last year. The net value of export goods was 14.23 billion yuan, an increase of 57.6 percent. Domestic trade enterprises and industrial production have developed in a coordinated way, with corresponding improvements in efficiency. Fixed assets have been kept under control.

Foreign trade continues to grow. In the first half of this year, the export volume was \$3.61 billion, up 50.9 percent, ranking in the forefront of the country. There were 1,627 new direct foreign investments projects, the amount of contracted foreign capital was \$3.818 billion, and the actual foreign investment was \$1.628 billion, up 25.2 percent, also ranking in the forefront of the country. The revenues of the central and local governments have increased in tandem. The financial situation has been stable, and there has been comprehensive growth in various deposits. The increase in loans has been kept within the limits laid down by headquarters. Both urban and rural markets are prosperous and brisk. In the first half of this year, the retail sales of consumer goods was 21.68 billion yuan, an increase of 31.9 percent.

While the economy has continued to grow, the province's budgetary investment in capital construction this

year is lower than its input in various social undertakings. It has increased by 10 percent over last year. The provincial government has allocated an additional 10 million yuan in special funds to solve some acute problems in education.

While affirming these achievements, Chen Mingyi pointed out, there are still many conspicuous difficulties and problems. For example, prices remain high, state-owned enterprises face many difficulties, and energy and communications constraints are still serious.

Chen Mingyi stressed: In the second half of this year, governments at all levels should conscientiously study the spirit of General Secretary Jiang's speech, make clear the guiding idea of government work, and concentrate all efforts on properly carrying out the following 10 tasks:

First, stabilize grain output, increase income, and promote the comprehensive development of the rural economy.

Second, meticulously organize industrial, communication, and domestic trade production and improve economic returns.

Third, quicken the pace of highway and electricity construction by guaranteeing key projects, funds, and construction progress.

Fourth, step up the work of inviting investment and introducing capital and expand exports.

Fifth, do a good job of convergence in terms of reform policies and deepen comprehensive reform at selected points.

Sixth, firmly grasp the work of increasing revenue and reducing expenditures to ensure a balance between financial income and expenditure.

Seventh, stabilize the financial order and enliven fund accommodation.

Eighth, increase effective supply and keep the rate of price increases under control.

Ninth, accelerate the reform and development of education, science, and technology, and promote the comprehensive development of society.

Tenth, strengthen the comprehensive management of social order and strive to maintain social stability.

Major Criminals Executed, Imprisoned in Jiangsu

OW2107110994 Nanjing XINHUA RIBAO in Chinese 3 Jul 94 p 3

[Text] On 23 June, the Huaiyin City Intermediate People's Court pronounced the court's ruling on the city's first car theft case. Sun Wei, major criminal in the case, was sentenced to death and deprived of political rights for life.

From April 1989 to February 1993, Sihong County's Sun Wei, Liu Yong, and Nie Chunlin—all unemployed; Wu Min, a worker of the county's light industrial company; and Li Hongyou, an individual business operator of the county, committed 12 thefts in Xinjiang, Nanjing, Suqian, and Sihong, separately or in collusion with each other. They stole three Santana sedans, 125 Lucky sedans, seven Suzuki motorcycles, and video recorders, worth more than 430,000 yuan in total. Of those thefts, eight were committed by Sun Wei, who stole more than 400,000 yuan worth of goods. While he was imprisoned, he instigated fellow prisoners Zhang Xiaojun and Wang Xueyi to beat new prisoners Shang Qiquan and Zhou Wenzhong. The former was beaten to death and the latter was seriously injured.

The Huaiyin Intermediate People's Court sentenced Sun Wei to death and deprived him of political rights for life on charges of theft and intentionally injuring others. The court also sentenced Liu Yong, Wu Min, Li Hongyou, and Nie Chunlin respectively to death, death with two-year suspension of execution, life imprisonment, and 15 years in prison. Wang Xueyi was sentenced to death on charges of intentionally injuring others, and other criminals were also sentenced according to their crimes.

Shanghai Bonded Zone Within 'International Conventions'

OW2207081594 Beijing XINHUA in English 0752
GMT 22 Jul 94

[Text] Shanghai, July 22 (XINHUA)—The Waigaoqiao Bonded Zone, China's first such in Pudong, Shanghai, is operating in line with international conventions.

According to information provided by Shanghai customs, 1,027 foreign-funded and domestic-invested projects involving a sum of 224.8 million U.S. dollars have settled in the zone so far.

The processing trade is flourishing with a trade volume of 11.8 million U.S. dollars since last year.

At present more than 60 enterprises are engaged in the processing trade.

The bonded market of capital goods, which opened last year, has 445 member enterprises and a trade volume exceeding 10 million U.S. dollars.

Entrepot trade is also brisk with an average of six bulk goods transited to third countries by the end of May this year.

Nine multi-functional goods exhibition halls have been completed and put into operation.

To further develop the bonded zone, eight domestic-funded banks have expanded businesses in the zone, and Shanghai customs has simplified the customs formalities and improved management.

Central-South Region

Guangzhou Mayor Discusses Metropolitan Construction

OW2107132894 Beijing XINHUA in English 1307
GMT 21 Jul 94

[Text] Guangzhou, July 21 (XINHUA)—Li Ziliu, mayor of Guangzhou city in Guangdong Province, recently said that Guangzhou will deepen the reforms and open wider to the outside world to meet its objective to be an international metropolis.

He predicted that in the next 15 years, Guangzhou will be a financial and trade center, communications center, and technological and information center in south China.

He said that the process of the city's metropolitan construction will pass three phases: The phase from 1990-95 is for laying a foundation, that from 1995-2000 is for rapid development, and that from 2000-2005 is for high-level development in urban construction.

He said that in the present phase, emancipation of minds should be high on the agenda.

He urged local officials and people to shift their conception of small production in urban development to the conception of building socialist international metropolis, and their planned economy conception to market economy conception.

He noted that at present, it is important for the enterprises in Guangzhou to transform operating mechanisms and change structural form to suit the market economy.

Also, he said, Guangzhou should make more efforts to develop the service trade.

The future and hope of Guangzhou's development relates closely to the rural areas, he noted, saying that urban development should be expanded to the city's peripheral areas, especially to the rural areas on the Pearl River delta.

A plan for turning Guangzhou into an international metropolis has been approved by the Guangzhou People's Congress.

It is expected that four or five years later, the area of Guangzhou will be extended from the present 180 square kilometers to about 500 square kilometers.

Guangdong GNP Rises 16 Percent in First Half of '94

HK2207005894 Beijing ZHONGGUO XINWEN SHE
in English 1510 GMT 21 Jul 94

[Text] Guangzhou, 21 Jul (ZHONGGUO XINWEN SHE)—An economic report released by the Guangdong Bureau of Statistics indicated that economic development went slow in Guangdong Province in the first half

of this year with economic growth neared by the average gain elsewhere across the country.

The gross national product (GNP) grew by 21 percent in Guangdong last year, 7.6 percentage points higher than the average gain of 13.4 percent across the country. The GNP rose by 16 percent in the province in the first half of this year, 4.4 percentage points higher than the national gain of 11.6 percent on average.

The report said that such an economic growth was in the right track in Guangdong in spite of a slowdown of economic gain. It added that judging from the overall situation the national economy proceeded at a steady pace.

The industrial output value was RMB [Renminbi] 239.9 billion in Guangdong in the first half of this year or an increase of 22.4 percentage points but registering 10 percent less than the gain in the same period last year.

Guangdong saw a rise of over 40 percent in financial revenue as well as industrial and commercial tax revenue in the first six months of the year. Officials from the bureau were convinced that the overall economic development tended to be quite sound and the taxation reform proceeded smoothly.

Export business in Guangdong showed good performance in the first half of the year when compared with other economic indicators. The accumulated export value was put at U.S.\$ 20.4 billion or a gain of 120 percent over the same period last year. Actual foreign investment was valued at U.S.\$ 5.04 billion or a rise of 33 percent.

With impacts from the macro-economic regulation, the fixed asset investment in Guangdong was RMB 29.2 billion in the first six months of this year, showing a 33 percent gain over the same period last year.

Prices tended to go upwards in the province during the first half of the year with retail price rising by 19.1 percentage points.

Guangdong placed emphasis on agriculture from the very beginning of this year which led to the curbing of reduction of acreage under cultivation. Affected by disasters, early paddy cultivation will see a sharp drop in production yield.

There are three main problems facing Guangdong in its economic development, namely serious loss made by state-owned industrial enterprises which showed too low a growth in production, potentially high inflationary pressure and many difficulties in relief work in the areas hit by flood disaster which resulted in a total direct economic loss of RMB14.6 billion last June.

The statistical bureau believed that as the industrial growth went downwards and the fixed asset investment was in decline, it was expected that economic development in Guangdong during the second half of this year

would remain at a steady pace as it was in the first half of the year. No extraordinarily high economic gain as it was last year is expected.

'Largest Commercial Center' Planned in Guangdong

OW2107190794 Beijing XINHUA in English 1454 GMT 21 Jul 94

[Text] Guangzhou, July 21 (XINHUA)—Preparations are being made to build a commerce and trading town in south China's Fanyu city, which will be the largest commercial center in Southeast Asia.

Lying northeast of Fanyu city, the coastal town will cover an area of two million square meters. It is merely 30 kilometers away from Guangzhou city and three kilometers away from Lianhuashan harbor. Total investment in the project will reach 280 million yuan (32 million U.S. dollars).

The town will engage in production and sales of various consumer goods. There will be large wholesale centers. Besides, the town will also provide all-round technical consultation services and help investors go through all formalities.

Construction of the commerce and trading town is financed by Lee Fung Industrial Town Development Co. Ltd. based in Hong Kong and Shilou Town Economic Development Company of Fanyu city. The Hong Kong side put in 60 percent of the total investment.

Shenzhen Charges Hong Kong Factory Owner Over Fatal Fire

HK2207094194 Hong Kong AFP in English 0924 GMT 22 July 94

[Text] Hong Kong, July 22 (AFP)—A Hong Kong businessman has been charged with ignoring fire safety regulations after a blaze at his factory in China which killed 84 workers last year, a Shenzhen government source said Friday.

Lo Chiu-chuen, 49, is also accused of bribing two firemen in connection with November's factory fire in Shenzhen, just across the border from Hong Kong, and of hiring an unqualified electrician, the source told AFP by telephone. Lo is expected to appear in court later this month.

The cause of the fire at Zhili Handicraft Factory, which also injured 46 workers, was said to have been caused by an electrical fault.

Lo has been detained in Shenzhen since January along with another Hong Kong manager Leung Kin-kwok, 40. The electrician Lo recruited, and the factory's Shenzhen manager Huang Guoguang, 60, also face charges in connection with the incident.

Lo was also accused of giving 3,000 Hong Kong dollars (385 US) to two firemen in May last year to obtain a

certificate when the authorities re-examined the factory, it was reported in a newspaper here Friday. The case of the two firemen is to be handled separately.

It was the first reported case of charges being laid against Shenzhen factory owners, where fires and structural collapses in factories owned by foreign investors have killed more than 140 workers in the past few months.

Press reports in Hong Kong have recently detailed the poor conditions said to exist in some of the factories in the sprawling special economic zone in China's Guangdong province.

Senior Shenzhen Securities Regulator Under Investigation

HK2207044494 Hong Kong SOUTH CHINA
MORNING POST in English 22 Jul 94 p 1

[By staff reporters]

[Text] Shenzhen's most senior securities regulator, Wang Lin, was arrested by Hong Kong immigration officers early this month when he tried to enter the territory with a dubious passport, immigration sources confirmed yesterday. Wang, head of the Shenzhen Securities and Exchange Commission (SEC), was later repatriated to China and is said to be under investigation by government authorities in the Special Economic Zone.

The incident threatens to rock the fledgling securities industry of Shenzhen, already battered by irregularities and reckless practices. Shenzhen city Government officials remain tight lipped on the case, which unsubstantiated reports in Hong Kong have described as the biggest securities scandal in Shenzhen since the riots in 1992.

SEC deputy chief Liu Xinhua said yesterday an investigation was to be launched into Wang's case. He declined to reveal the allegations. "Wang Lin is in Shenzhen now and he has not been stripped of his position yet." He declined to elaborate.

Wang, formerly the deputy director of Shenzhen's State Commission for Economic Restructuring, was put at the helm of the SEC when it was formally established in April last year as the highest authority overseeing the securities sector in the economic zone. Previously, the Shenzhen branches of the People's Bank of China—the country's central bank—and the State Commission for Economic Restructuring both had a say over the securities industry.

As Shenzhen's chief regulator, Wang is regarded by the local securities industry as a sober and mysterious figure from Hubei province. While he is credited with steering the city's securities system through a series of economic problems and subsequent regulatory reforms, he is also blamed for failing to work with the local stock exchange.

Under the existing government regime, the SEC is the overall securities policy regulator while the Shenzhen

stock exchange is in charge of the day-to-day affairs of the industry. One securities observer said: "It's no secret in Shenzhen that the SEC and the Shenzhen stock exchange have disagreements with each other." There are 45 employees working in the five divisions of the SEC.

North Region

Beijing's GDP Grows 13.4 Percent in First Six Months

HK2107061994 Beijing CHINA DAILY in English 21
Jul 94 p 2

[By Cao Min: "Beijing GDP Increases 13.4% In First Six Months"]

[Text] Beijing's gross domestic product (GDP) rose 13.4 per cent in the first half of the year to reach 47.878 billion yuan (\$5.536 billion).

Fan Guozhu, chief of the Municipal Statistics Bureau, said Beijing's over-all economy continued to develop smoothly and rapidly from January to June.

Total industrial output hit 58.94 billion yuan (\$6.81 billion), increasing 21.9 per cent over the same period a year ago.

But 1,594 industrial enterprises, or 24.2 per cent of the city's industrial firms, were in the red at the end of May.

Fan said losses were incurred mainly by firms in nine industries including printing, farm machinery and medicine.

These firms lost a total of 890 million yuan (\$103 million), 150 per cent more than in the same period last year.

Non-State firms were responsible for most of the growth of industrial output. Their production rose 55 per cent, compared with a rise of 1.3 per cent by State-owned enterprises, Fan said.

State-owned firms face difficulties such as a shortage of funds and management problems while they transform their operations to suit a market economy.

The output of the foreign-funded firms hit 9.25 billion yuan (\$1.07 billion), up 55.7 per cent over the first six months of last year.

Beijing continued to attract overseas investment, with 1,268 foreign-funded firms approved by the municipal authorities.

Investment rose in the key areas of urban infrastructure and industries such as energy sources and raw or semi-finished materials.

Per capita income for urban residents increased 51.2 percent and the total wages of urban employees grew 50 per cent.

Beijing Mayor Speaks at Shoudu Teachers' University

SK2207011994 Beijing BEIJING RIBAO in Chinese 7 Jul 94 p 1

[Excerpts] On the afternoon of 6 July Li Qiyang, mayor of Beijing Municipality, handled his official work in Shoudu Teachers' University and sponsored an on-the-spot meeting as well, at which he delivered a speech. [passage omitted]

In his speech, Li Qiyang said: Shoudu Teachers' University has played an important role in building socialism in the capital. Most leading personnel on the municipal education front and most core teaching personnel in the suburban district schools are graduates from Shoudu Teachers' University. The leading personnel of some districts, counties, and departments, are also graduates. Over the past few years, the university has done a great deal of work in conducting reform in education; training the teachers' contingent; implementing the party's educational guideline in an overall way; further improving the teaching conditions; upgrading the treatment of teachers; and stabilizing the professional ideology of students. Its achievements should be fully acknowledged. However, the university should further make efforts to improve where it lags and is lacking.

Li Qiyang said: Comrade Mao Zedong attached great importance on education in the past. Since the enforcement of reform and opening up, Comrade Deng Xiaoping has always given a strategic position of preferential development to education. This has enabled the educational undertakings to realize a series of important achievements. The CPC Central Committee and the State Council have attached great importance on the recent national education conference, where Comrade Jiang Zemin delivered an important speech and Comrade Li Peng delivered a theme report. Now, we have gradually discerned that success in education may accelerate modernization's progress. Beijing Municipality has a good tradition and foundation of attaching great importance to education. Beijing, being the cultural center of the country, should succeed in conducting education; be a vanguard in education; and assume the historic duty of training talented personnel for the country as a whole.

Li Qiyang said: The education of developing teachers is the machinery for work and assumes the heavy duty of training teachers for basic education. The educational quality of Shoudu Teachers' University has a bearing on developing the general education in the municipality as a whole and on upgrading the municipal education quality. It also affects the improvement of quality in higher education. The municipal party committee and the municipal people's government have attached great importance on the university's educational quality. Therefore, the university should further implement, in an overall way, the party's educational guideline and vigorously train qualified personnel who are needed by

the program of four modernizations with overall development in moral, intellectual, and physical qualities. Graduates from teachers' colleges and schools should be a paragon of virtue and learning and assume the duties of training the successors of socialist undertakings. We should set up high standards for the moral, intellectual, and physical qualities of teachers and particularly for the higher standards of morality. Teachers who are serving the people should ardently cherish the motherland and the people and adhere to the socialist orientation. They should have rich knowledge and be healthy. The key to improving the educational and teaching qualities in Shoudu Teachers' University lies on professors. Efforts should be made to train a large number of well-known professors who pursue their studies strictly and who are rich in knowledge. The university may employ visiting professors and introduce highly talented personnel. Priority should be given to the work of assigning capable personnel to leading posts in every course. As for some young teachers who have actual strength, the school authorities should boldly support and train them and create conditions for them to engage in further studies. By no means should the school authorities fear their becoming too conspicuous. Attention should be paid to upgrading the quality of student enrollment and while students should be recruited from Beijing, the university may enroll some students from beyond Beijing.

Li Qiyang said: The municipal party committee and the municipal people's government have attached great importance on further boosting the university. The municipal people's government will not shirk the responsibility to support the university in improving its teaching conditions, upgrading its educational quality, and improving the living conditions of teachers and students. He urged the university to regard the task of joining in the state "211" project as a target and to encourage the broad masses of teachers and students to aim high and have lofty ambitions, to vigorously wage struggles, and to make still greater contributions to the party's educational undertakings and to the capital's programs of reform and construction. [passage omitted]

Tianjin Mayor Meets With American Investment Group

SK2207004894 Tianjin People's Radio in Mandarin 2300 GMT 20 Jul 94

[Text] On 20 July, the municipal economic and technological development zone and the (Keer) Company of the United States signed a contract to jointly invest in building the (Meiou) Industrial Park. This is another major United States company to invest in Tianjin, as well as the first industrial park in China invested in by the United States. The investment is estimated at \$400 million.

Mayor Zhang Lichang and Vice Mayor Ye Disheng attended the signing ceremony. Before the ceremony, Mayor Zhang Lichang met with (Hemo Kaisi), president of the (Keer) Real Estate Company, and his party, as well

as the real estate and cement industrial investment and inspection group headed by Lawson, vice president of the (Bingweite) Company.

Amid a friendly and frank atmosphere, both the hosts and the guests deeply exchanged views on building the industrial park and rebuilding the dangerous and shabby housing.

With solid economic strength, the (Keer) company is a famous real estate company in the United States; its business has been extended to 22 states in the United States, and it also has industrial parks of its own in France and Mexico. Over the past years, this company has positively pioneered business in China. As a result of investigations, it decided to build the (Meiou) Industrial Park in Tianjin's development zone. The first-phase project occupies an area of 1.2 square kilometers.

(Bingweite) Company is the third largest stock company in the United States, with its property value totaling \$60 billion. This group visits Tianjin this time with a view to cooperating with Tianjin in rebuilding dangerous and shabby housing as well as cooperatively developing the cement industry.

Northeast Region

Heilongjiang Official Comments on Price Reform

SK2207022394 Harbin HEILONGJIANG RIBAO in Chinese 4 Jul 94 p 2

[Article by Cong Fukui, vice governor of the Heilongjiang Provincial People's Government: "Make Efforts To Achieve the Current Work on Prices of Goods"]

[Text] 1. We should accurately understand the relationship among the deepening of the price reform, the development of the socialist market economy, and the enhancement of price management.

How to understand the regulation, control, and management of prices under the new situation in which two price systems are being replaced has become an important issue of the current reform. One viewpoint maintains: The market economy means that prices are decided by markets. Prices have been decontrolled, price reform has been finished, and governments will no longer control the prices of goods. So, the management of prices is divorced from the price reform and completely goes against the market economy. It must be pointed out that this viewpoint is an extreme misunderstanding about price reform and the market economy. According to the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee, the socialist market economic system that we are going to set up includes at least two aspects. First, it is necessary to set up a national unified open-type market system to promote the optimum distribution of natural resources. Second, it is necessary to set up a

perfect system of macroeconomic regulation and control mainly by indirect means. That is to say, under the new economic system, we are required to pay attention to bringing into play the fundamental role of the market mechanism. However, instead of letting things drift, the governments should relatively strengthen and improve their ability in regulating and controlling the economy so as to ensure a sound and orderly development of the national economy. Price reform must be carried out in this way. It is necessary to decontrol prices if we want to set up a price mechanism in which prices are formed dominantly by markets. However, the decontrol over prices does not indicate that price reform has been finished or a new system has been set up. There are plentiful ways to set up the price system suitable to the socialist market economy, including setting up a system of forming prices with markets as its foundation, setting up price ratios to promote a reasonable distribution of natural resources, and setting up a system for indirect management of price regulation and control. These three systems, being related to and supplementing each other, jointly make up the basic contents of price reform and promote the setup and development of the market economy. If we leave aside the issue of price management to talk about price reform and the market economy alone, price reform and the market economy will not only be off center, but great harm will be caused in the course of practice. They withstand neither theoretical deliberation nor practical examinations.

In the course of continuously setting up and developing the socialist market economy, we must firmly foster the idea that the governments must constantly and persistently regulate, control, and manage market prices. This is a common experience gained by the countries carrying out the market economy, even including the Western capitalist countries where the market economy is considerably well developed. In the United States, where the so-called free market economy is advocated, prices of 10 farm products are fixed by the government to support price policies, 12 kinds of public utility charges are fixed by the governments at various levels, and the prices of the commodities and the service charges under government management account for about 10 percent of the consumers' spending.

2. We should ensure reform with stability, promote development with reform, and strive to achieve the current work on goods prices.

First, we should resolutely end the trend of inflation, reduce excessive price hikes, straighten out the excessively wanton price order, and create a lax, stable environment for reform and development. With the efforts made in the past few months, the trend that prices of goods were rising at an excessively fast speed has tended to slow down, and the grim situation has started to improve. All this has created a favorable social and economic environment to ensure the formulation and the smooth implementation of various major reform measures and provided favorable conditions for further developing the national economy along with a good

orientation. However, we should also clearly understand that there are still many factors that promote price hikes; the pressure on inflation is still high; and particularly, price hike rates still remain high. The situation is not optimistic. Therefore, controlling inflation, stabilizing markets, and balancing goods prices is still the key to appropriately handling the relationship among reform, development, and stability. In the latter half of this year, we should exert great efforts to ban price hikes continuously according to the thinking of systematic management and overall regulation and control as well as comprehensively by economic, legal, and necessary administrative means. The primary important task in this regard is to intensify the government's functions for macroeconomic regulation and control and to promote the balance between supply and demand as well as the balance of structures. The key is to grasp the construction of the "rice bag" and "vegetable basket" projects and to ensure market supply. Simultaneously, according to the unified arrangements of the state and the province, we should continue to conduct general price inspections. We should focus our efforts on inspecting the prices of grain, petroleum, chemical fertilizer, and steel products as well as the rural power, postal and telecommunications, and insurance trades so as to resolutely ban arbitrary price hikes. All charges must further be cleared up and straightened out and deeply inspected. Particularly, we should concentrate energy on firmly investigating and handling a number of major and appalling cases and publicize these cases so as to frighten those who engage themselves in unlawful management and to enable the masses to see the achievements in price inspections as soon as possible. We should comprehensively implement the measures for price regulation and control, strengthen the supervision over and inspection of the prices of the people's daily necessities, strictly carry out the system of putting items with rising prices on file and reporting on readjusting prices to relevant departments so as to basically stabilize the livelihood of the people. We should continue to forcefully carry out the system of selling at marked prices, expand and popularize the implementation of this system among all commodities and service items, make prices more visible to the public, and enable the society as a whole to comprehensively supervise goods prices.

We should pay particular stress to fostering the idea of taking the overall situation into consideration and put the general interests first when managing inflation and maintaining stability. All localities and departments should seek unity of thinking, work in close cooperation with one another, and make concerted efforts to bring prices under control. We are not allowed to pay attention only to the temporary economic growth of our own localities at the expense of the interests of the whole situation and the long-term.

Second, we should positively and steadily promote price reform, continue to speed up the setup of the new price system, and promote the sound development of the socialist market economy. The formulation of measures

for reforming the prices of electricity, petroleum, refined oil, natural gas, chemical fertilizer, and grain is an important component part of this year's overall economic restructuring, related to the overall economic development situation, and a key project for setting up a new price system. Ensuring the smooth progress of these reform measures, particularly the measures for reforming the prices of grain, is an important task at present. All localities should strictly abide by the state and provincial decisions on the varieties of commodities whose prices should be readjusted and on the extent of price readjustment. No locality is allowed to violate the decisions. We should strictly ban any chain reactions in particular and reduce the influence with minimal reforms.

Presently, some prominent problems arise because price regulations and controls are not suitable to the development of the market economy. Thus, accelerating the establishment of a new price regulation and control system has become an urgent task for deepening price reform. According to the thinking of indirect management and macroeconomic regulations and controls, we should positively explore and firmly attend to the formulation of the measures in this regard. We now notice that imperfect economic means is the major defect of price regulation and control. All localities should sum up their experiences in establishing the grain storage system and in building bases for the production of such non-stable foods as meat, vegetables, eggs, and poultry; all localities should popularize and perfect these experiences so as to lay a material foundation for stabilizing the prices of goods. Governments should bring their functions into full play; state-owned commercial enterprises and grain departments should also bring their role as main channels into play. We should conscientiously calculate the grain risk fund and organize forces to ensure the establishment of this fund. Cities and counties that have not established the price regulation fund should actively investigate and find out the reasons why, resolve any difficulties, and establish the fund as soon as possible. Governments should enhance their ability in applying economic means to regulate and control market prices. Imperfect legal means are also a weak link for price regulation and control. Presently, the problems in price management that cannot be solved according to law are extremely prominent. For example, prices can increase as one pleases: a bowl of noodles costs more than 10 yuan, a can of soft drinks costs twenty or thirty yuan, and even several large enterprises gang up with one another to monopolize prices. The activities of applying improper means to reap staggering profits do not conform to the requirements of the market economic law and must be resolutely banned. In line with the staggering profit-making and swindling and monopolizing behavior in conducting economic activities, we should deeply conduct investigations and studies; stipulate regulations and systems governing price management according to the requirements of the market economic law; promote the management of prices according to law; and protect publicity, justice, and equal competition.

3. We should strengthen leadership, pool the joint efforts of all fronts, and bring into play the overall functions of price work.

Work on the prices of goods is economic, social, and political work. Achieving the work on the prices of goods is of extremely important significance to deepening reform, promoting development, and maintaining stability. Over the past years, party committees and governments at various levels have paid attention to prices and have done a good job in grasping the work on prices. Particularly since the beginning of this year, all localities have generally put work on prices into their work agenda and have strengthened leadership at the time of conducting general price inspections and stabilizing the market prices. Leading comrades of party committees, governments, people's congresses, and Chinese People's Political Consultative Conference organizations should personally participate in general price inspections, directly grasp the stabilization of the prices of goods, upgrade the positions of price work, and expand the momentum of general price inspection work. State-owned commercial enterprises and grain departments should pay attention to bringing into play their roles as the main channels. Administrative and economic supervisory departments—such as industrial and commercial, auditing, tax affairs, financial, security, supervisory, measurement, and banking departments—should actively work in cooperation with one another. Trade union, Communist Youth League organizations, and women's federations should positively participate in the general price inspection work. Press units should vigorously conduct propaganda. In this way, we will be able to unite with all social forces to jointly grasp general price inspections and foster the image that the government manages the prices of goods.

Under the current situation, party committees and governments at various levels should continuously pay attention to the work regarding the prices of goods, and should further strengthen leadership over this work. Governments should realistically put this work on the key work agenda, regularly listen to the work reports of the price departments, understand the trends of market prices, and solve problems in this regard in a timely manner. As regards issues relating to prices, we should pay attention to listening to the opinions of price departments and support these departments in accurately exercising their functions. Presently, there are two key tasks which governments at various levels must pay prominent attention to. First, ensure the smooth implementation of the major measures for reforming the prices of grain and petroleum; the central authorities formulated prohibitions against issuing new price readjustments on items between June and August, so all localities should strictly abide by the prohibitions. Second, continue to

organize general price inspections, promote the implementation of all price regulation and control measures, and ensure achievements are made by the end of July in the price reforms covered in the current stage.

In line with their functions, administrative management and economic supervisory departments should adopt specific measures to positively support inspection work on the prices of goods, and should participate in the stabilization of the prices of goods. Responsible departments for professional work should proceed from their special features to ensure the production, purchasing, marketing, distribution, and storage of commodities; actively accept inspections and instructions from price departments; and ensure on their own the management of commodity prices. All press units should persistently conduct propaganda by citing positive examples, pay attention to bringing into play their role in guiding the mass media, and stabilize society and the will of the people.

Price departments assume direct responsibility for continuously promoting price reform, conducting general price inspections, and controlling price increases. I hope the cadres of price departments will always keep the spirit of being responsible to the party and the people as well as do their jobs well. We should deeply conduct investigations and studies, strengthen inspections of market prices, and be good advisers to governments. We should accelerate the change of functions as well as strengthen the awareness of the service and functions for guidance. We should positively explore ways for establishing a new price regulation and control system, and should ensure the management of the prices of goods according to law. We should do a good job in maintaining contacts with relevant departments, actively carry out our work, and strive to enjoy the support and cooperation of all social fronts. We should strengthen studies, ceaselessly upgrade the quality of the work on the prices of goods, and strive to suit the demands for establishing the socialist market economic system.

Liaoning Reports on Losses Caused by Rain, Flooding

SK2207024194 Shenyang Liaoning People's Radio Network in Mandarin 2200 GMT 21 Jul 94

[Summary from poor reception] According to statistics provided by the provincial flood control headquarters, the province's economic losses directly caused by the torrential rain and flooding total 1.7 billion yuan. Six cities and 28 counties and districts throughout the province have been plagued by rainstorms and flooding. Flooding has destroyed 108,000 houses; 40 persons have died and more than 300 have been injured. The flooding has also destroyed 620 km highways and many communication lines.

Tang Shubei To Lead ARATS Delegation on 3 Aug Visit

OW2007145194 Beijing XINHUA in English 1413 GMT 20 Jul 94

[Text] Beijing, July 20 (XINHUA)—A delegation headed by Tang Shubei, standing vice-president of the Association for Relations across the Taiwan Straits (ARATS), will arrive in Taipei on August 3 to hold discussions with the Straits Exchange Foundation (SEF), according to ARATS.

Sun Yafu, vice-secretary general of ARATS, will leave for Taipei on July 29 to attend the fifth vice-secretarial talks between ARATS and SEF.

ARATS Demands 'Humanitarian' Treatment of Fishermen

OW2107123294 Beijing XINHUA Domestic Service in Chinese 0834 GMT 21 Jul 94

[Text] Beijing, 21 Jul (XINHUA)—The Association for Relations Across the Taiwan Straits [ARATS] today sent a letter to Taiwan's Straits Exchange Foundation [SEF] in which it expressed concern over the tragic death of mainland workers engaged in fishery cooperation during the 10 July typhoon as a result of ineffective rescue operations by the Taiwan side. It urged the Taiwan side to keep the remains of the deceased well-preserved and to guarantee that the mainland compatriots who had been rescued would not be discriminated against and would be safe.

The ARATS letter says: According to relevant departments in Zhejiang, Taiwan's "Shanghao-3" fishing boat was hit by a strong typhoon off Ilan on 10 July, leaving several mainland fishery workers missing. Ten corpses were found off Ilan on 15 and 16 July. The mainland fishery workers' request for identifying the corpses after the incident was turned down. Some of the mainland fishery workers who had been rescued were housed at the "Ilan Processing Center for Mainlanders," where they were subject to inhumane treatment.

Other sources say relevant departments in Taiwan did not allow mainland fishery workers, who were stricken by the strong typhoon on 10 July, to seek shelter in Taiwan's fishing port although their lives were threatened. They were forced to remain on so-called "seaborne hotels," which had been converted from dilapidated boats. Some of these "seaborne hotels" capsized in the storm, causing the tragic deaths of mainland fishery workers.

ARATS expressed great concern over the mainland fishery workers' current state in Taiwan, expressed profound grief over the mainland fishery workers killed in the incident, and sent its regards, through the SEF, to the mainland compatriots who had been rescued. Through the SEF, ARATS asked relevant departments in Taiwan to promptly establish the identities of the deceased, to keep the corpses well-preserved, to ensure the personal

safety of the mainland compatriots who had been rescued, to not discriminate against them, and to accord them humanitarian treatment.

The SEF was also asked to verify the facts and to provide information on the "seaborne hotels" and the circumstances surrounding the incident involving the "Shanghao-3" fishing boat. ARATS has been authorized to reserve the right to hold further discussions on the matter and to demand compensation. It asked relevant departments in Taiwan to thoroughly review their inhumane policy of not allowing the mainland fishery workers to seek shelter in Taiwan's fishing port under conditions of an emergency. ARATS suggested more exchanges of views with the SEF on this issue.

Commentary Criticizes White Paper's Two China Stand

OW2107175294 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 19 July 94

["News and Current Events" program commentary by (Yu Xin): "The Central Idea of the Explanatory Statement on Relations Across the Taiwan Strait Is To Promote Two Chinas"]

[Text] Taiwan's Mainland Affairs Council on 5 July published its "Explanatory Statement on Relations Across the Taiwan Strait." While saying that it firmly advocates the policy of one China and opposes the concept of two Chinas or one China and one Taiwan, the statement, in effect, aims to create the fallacy of two Chinas. The statement, without saying anything about promoting China's reunification, merely presents an unbalanced view of cross-strait relations, promotes the division and separate administration of the two sides of the Taiwan Strait, and casts Taiwan as a political entity, with a view to hindering China's peaceful reunification. The so-called deferment of the sovereignty dispute, as proposed by the statement, in effect denies the fact that Taiwan is part of China, and promotes division and separate administration. What is the next step after division and separate administration? Obviously, it is the promotion of two Chinas.

It is the sacred right of every sovereign state to safeguard national unity and territorial integrity. The deferment of the sovereignty dispute will allow advocates of Taiwan's independence to take advantage of the situation to divide the national territory. The statement contains little discussion of the rise on the island of forces advocating Taiwan's independence in recent years, their open advocacy of Taiwan's independence, and the Taiwan authorities' attitude toward attempts by advocates of Taiwan's independence to divide the national territory. The statement's use of Taipei [Taipei], China, as Taiwan's designation in international organizations will escalate separatist sentiment on Taiwan. Just which side is encouraging advocates of Taiwan's independence to split the country and is showing an indulgent attitude toward them? The statement also contains misleading

and self-deceptive pronouncements which, in effect, support the plot by advocates of Taiwan's independence to split the country.

The statement is also illogical and self-contradictory. While opposing the notion of two Chinas or one China and one Taiwan, for example, it advocates the coexistence of Taiwan and the PRC in the United Nations, which admits only sovereign states, and it opposes the designation of Taiwan as Taibei, China, in international organizations. It is evident that the statement actually aims to create two Chinas under the banner of one China. The statement only touches lightly on the development of cross-strait economic relations and trade, and contains only run-of-the-mill pronouncements. Taiwan's entrepreneurs were generally surprised at the statement's impracticality as reflected by its disregard for the actual state of cross-strait relations. Sticking to the dogmatic formulation prescribed in the "Guidelines for Unification," the statement restricts the development of cross-strait economic relations and trade. The statement does

not provide any clues on how to develop mutually beneficial cross-strait relations, including direct air and shipping services which have been under consideration by the [Taiwan] Transportation and Communications Ministry, and cultural and educational exchanges which were proposed by the Education Ministry.

China's peaceful reunification should begin with the enhancement and development of cross-strait relations. The statement, with its lack of a general framework, hardly points to a mainland policy that will improve cross-strait relations. With its discussion of cross-strait relations on the premise of separate administration, the statement, in effect, refuses peace talks between the two sides, and it maintains the state of confrontation and division. If the Taiwan authorities really advocate the one-China policy, as claimed in the statement, they should dismantle various barriers to the development of cross-strait relations, and actively advance such relations toward the peaceful reunification of the motherland.

Kim Il-song Asks Li Peng To Look After Kim Chong-il
OW2107143794 Taipei CNA in English 1342 GMT
21 Jul 94

[By Victor Lai]

[Text] Tokyo, July 21 (CNA)—Before his death, North Korean President Kim Il-song asked Mainland Chinese Premier Li Peng to look after Kim Chong-il after he passed away, the KYODO NEWS SERVICE in a dispatch from Seoul said Thursday [21 July], quoting a local diplomatic source.

Among Beijing leaders, the source said, the senior Kim had special trust in Li Peng.

The source said Kim Chong-il had also been informed of his father's talk with Li Peng. Therefore, the source said, after the collapse of Kim Il-song and before his death on July 8, Kim Chong-il telephoned Beijing directly to explain the condition of his father.

Investigators Unable To Identify Typhoon Victims
OW2207082594 Taipei Voice of Free China in English
0200 GMT 21 Jul 94

[Text] Investigators said Tuesday [19 July] that they had been unable to identify the ten corpses discovered floating off the coast of Suao, northeast of Taiwan, following the passage of Typhoon Tim ten days earlier, despite having obtained the fingerprints from eight of the bodies.

The bodies are widely believed to be mainland crewmembers, who had been residing on a floating hotel, the "Shanghao-3," while working on a Taiwan-registered fishing vessel. Thirty-nine mainland crewmembers who had been staying aboard the vessel were missing and were believed to have gone overboard when Typhoon Tim swept across the Taiwan Strait.

On Tuesday authorities also coordinated their efforts with the Straits Exchange Foundation to share what they know, in accordance with the fingerprints and the namelist of all missing crewmembers, for the mainland Association for Relations Across the Taiwan Strait.

The two intermediary bodies are responsible for handling bilateral affairs between Taipei and Peking in the absence of official channels.

Hong Kong

Patten Urges Cooperation Before Departing on Vacation

HK2207091294 Hong Kong AFP in English 0846 GMT 22 July 94

[Text] Hong Kong, July 22 (AFP)—Governor Chris Patten, preparing to go on holiday Friday, appealed to Beijing for "positive cooperation" over Hong Kong's delicate handback to Chinese rule in 1997.

"I hope that China is keen to see positive cooperation...and isn't just talking about cooperation," Patten told reporters a few hours before his departure for London.

He was planning to spend four days in the British capital next week reviewing Hong Kong issues with Prime Minister John Major and Foreign Secretary Douglas Hurd, before spending August on holiday, including a spell in France.

The trip follows the June 30 adoption by legislators of the final stage of his democratic reform package, which China has vowed to scrap immediately upon taking back Hong Kong in July 1997.

Stressing that the reforms were just "one step along the road" to 1997, Patten said: "We have to move forward now on tackling a host of other issues," including financing arrangements for Hong Kong's mammoth new airport. He said his talks with Hurd would focus "on the sort of issues he will want to raise" with Chinese Foreign Minister Qian Qichen when they meet in September on the sidelines of the United Nations General Assembly in New York.

The meeting was secured last week during a visit to Beijing by Foreign Office Minister Alistair Goodlad, who otherwise failed to make any real progress with Chinese officials on pressing Hong Kong issues.

Besides meeting Major and Hurd, Patten also has engagements planned with British-based Hong Kong corporate executives and with academics specializing in Hong Kong and China affairs.

Democracy Activist Ranks First in Popularity Poll

HK2207044794 Hong Kong EASTERN EXPRESS in English 22 Jul 94 p 2

[Text] The veteran legislator Elsie Tu appears to have fallen from grace in the popularity stakes, according to the latest poll by the University of Hong Kong. Tu has topped successive popularity polls since the university began gauging public support for the territory's politicians in November 1992.

The latest top 10 polling showed that Tu had dropped out of the list altogether. While the poll did not give any

reason for Tu's plummeting popularity, the decline in April had coincided with her being named one of China's many advisers on Hong Kong affairs.

At the same time, Tu single-handedly spearheaded an unsuccessful attempt to shelve the first stage of the constitutional reform package put forward by the Governor, Chris Patten, in favour of further negotiations with China.

Her top spot was taken by the independent legislator and outspoken democracy activist, Emily Lau, who had remained in second position since polling began. Another independent legislator, Christine Loh, moved up the top 10 to become the fifth most well-known and supported councillor.

In the top five political parties rating, the United Democrats maintained its position as the most popular party. Meeting Point—soon to merge with the United Democrats—occupied second place, followed by the Association for Democracy and People's Livelihood, then the Liberal Party, and the pro-China Democratic Alliance for the Betterment of Hong Kong.

World Bank, IMF Annual Meeting To Be Held Sep 97

OW2107142594 Beijing XINHUA in English 1343 GMT 21 Jul 94

[Text] Beijing, July 21 (XINHUA)—The '97 annual meeting of the World Bank and the International Monetary Fund (IMF) will be held in Hong Kong in September 1997.

According to sources from the Chinese Ministry of Finance, the decision has been made after consultations between the Chinese Government, the British Government, the World Bank and the IMF.

The boards of directors of the World Bank and IMF, two major multi-lateral financial institutions, each year in autumn jointly hold an annual meeting. Customarily, such meetings are held outside the U.S. once every three years.

Present arrangements show that the 49th annual meeting will be held in Barcelona, Spain, and the 52nd in Hong Kong.

The fact that the 52nd such annual meeting is planned to be held in Hong Kong after July 1, 1997, when the Chinese Government will have resumed its exercise of sovereignty over Hong Kong, shows that the international community is confident in the subsequent strengthening of Hong Kong's position as an international financial center and the maintenance of its long-term stability and prosperity, according to officials from the Finance Ministry and the People's Bank of China.

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